Austria	Sch30	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.500	Israel	Shk4.50	Philippines	Pso40
Belgium	BFr60	Italy	L2200	Poland	Zl 15,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Es175
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	E£3.50	Kuwait	Fils.500	S Arabia	SR8.00
Finland	FM8.50	Lebanon	L£1,000	Singapore	S$4.10
France	FFr8.00	Lux	LFr60	Spain	Pta175
Germany	DM2.80	Malta	45 cents	Sweden	SKr13
Greece	Dr200	Morocco	MDh10	Switz	SFr2.70
Hungary	Ft145	Neth	Fl 3.50	Thailand	Bht50
Iceland	IKr180	Nigeria	Naira15	Tunisia	Din0.800
India	Rs20	Norway	NKr12.00	Turkey	L5000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

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D 8523A

SOUTH AFRICA

Natal townships find uneasy peace

Page 4

World News

SA rivals agree draft plan to end violence

South Africa's main political rivals have agreed a draft plan to end violence in black townships in a move which will speed progress towards talks on a post-apartheid constitution. The government, the African National Congress and the mainly Zulu Inkatha Freedom Party hope to sign a formal peace accord at a national multi-party peace conference to be held on September 14. Page 16; Natal townships find uneasy peace, Page 4

Iraq to sell oil

A majority of UN Security Council members agreed to a one-time exception to the Iraqi oil embargo to permit Baghdad to raise up to $1.6bn to buy food and medicines, make a downpayment for war reparations and meet some other costs imposed by the Gulf ceasefire terms.
Page 4

Divers trapped

Fears were mounting last night for four divers – three Britons and a New Zealander – trapped under an oil rig barge which capsized in the South China Sea, 65 miles east of Hong Kong, after being hit by Typhoon Fred. Twelve people were killed, 174 were rescued and 21 are missing.
Page 4

Shamir hostage pledge

Israel will do all in its power to secure the return of its nationals held prisoner in Lebanon, Yitzhak Shamir, Israel's prime minister, said. But he said negotiations could still take some time. Page 16

Kashmir gun battle

At least 13 people were killed in a gun battle between Kashmiri militants and security forces in the south Kashmir town of Sopore when Moslem Kashmiris marked India's independence day with a protest strike.

Six die in Turkey

Security forces killed three Kurdish rebels near the town of Sirvan in south east Turkey only hours after three soldiers were shot dead by guerrillas near Bitlis, the semi-official Anatolian news agency said.

Reformer to be expelled

Alexander Yakovlev, a former aide to President Gorbachev and one of the most liberal of Soviet reformers, was recommended for expulsion from the Communist party by its Central Control Commission.
Page 2

Tourist killed

A German tourist was killed and his companion injured as they camped in Phoenix Park, Dublin, in the Republic of Ireland. Police are hunting three men.

Man sentenced to death

A Pakistani court sentenced an Indian national to death for a bomb attack that killed nine people and wounded 59 in Lahore, capital of the Punjub province, in May last year.

Sea rise threat

The steady rise of the Caspian Sea has forced the closure of shipyards in the Soviet oil port of Baku and is beginning to threaten large industrial areas, Tass news agency reported.

Business Summary

Californian car insurers ordered to repay $2.5bn

Insurance companies in California have been ordered to pay over $2.5bn in rebates to car insurance policyholders by the state's insurance commissioner, John Garamendi. California is the largest car insurance market in the world.

This would give every policyholder in the state an average of $100 in rebate. Insurers are expected to file suit to attempt to block the move.

Additional new regulations will be "the toughest efficiency standards ever imposed upon the insurance industry," Garamendi claimed. Among the rules is a cap on insurance company executive salaries.

THOMSON Corporation, the Canadian-owned travel and publishing group, suffered a 32 per cent drop in second-quarter profit to $71m (13 cents a share), from $104m a year earlier. The group has noticed a marked improvement in its travel operations in recent months. Page 17

FAIRFAX: The Melbourne-based Australian Independent Newspapers (AIN) consortium cemented its lead in the race for Fairfax newspaper group after winning further crucial institutional support. Page 19

ROYAL Insurance, a leading UK composite insurer, reported a 50 per cent increase in half-year pre-tax losses to £97m ($164m). Royal maintained its interim dividend at 11.25p. Page 17; Lex, Page 16

SAN MIGUEL, the Philippine food and beverage group, expects net income to double in 1991, after a strong first half in which net profits rose sharply to 1.52bn pesos ($57m) from 1.04bn pesos over the same period in 1990. Page 19

GERMANY: Foreign investors are not playing a significant part in eastern Germany's privatisation programme, despite efforts by Treuhand, the government agency selling the companies, to lure them. Foreign buyers have taken over only 115 of 3,988 firms sold by the end of July.

BOND: The drawn-out reconstruction of Alan Bond's crashed Bond Corporation Holdings (BCH) moved close to its final stage after the Australian Stock Exchange agreed to relist the group. Page 19

GREAT WESTERN Resources, the US coal, oil and gas company quoted in London, has suspended shipments to a customer responsible for almost 53 per cent of total group revenue in a legal dispute over supply contracts. Page 22

AKTIVBANKEN, the banking arm of the Topdanmark insurance group, announced that annual pre-tax profits were down to DKr54.69m ($8.12m) from DKr60.9m. Page 18

TRANS World Airlines, the heavily indebted US carrier, revealed a $53m operating loss for the quarter to end-June. This compares with a $43.8m profit in the same period a year earlier. Page 19

VOLKSWAGEN, Europe's biggest motor car manufacturer, will take back for recycling models of its 1992 German Golf without cost. Almost all of the metal in the car can be re-used.

Bundesbank may be leaving room for further increase in autumn

Germany raises interest rates

By Andrew Fisher and Katharine Campbell in Frankfurt and Rachel Johnson and Daniel Green in London

THE BUNDESBANK, the German central bank, raised interest rates yesterday in an effort to combat rising inflation.

The discount rate was increased by a point to 7.5 per cent and the Lombard emergency funding rate was increased by a quarter of a percentage point to 9.25 per cent.

The quarter-point rise in the Lombard rate was the only unexpected element in the Bundesbank's action.

It is the first time since 1959 that one of the two key rates has gone up by less than half a point and led to speculation that the Bundesbank was leaving room for a further rise in the autumn if inflation carried on rising.

The decision was the first to be taken by the Bundesbank under the presidency of Mr Helmut Schlesinger, who succeeded Mr Karl Otto Pöhl two weeks ago.

After forthright comments by Mr Schlesinger about the pace of German inflation and the need to bring the discount rate closer to the Lombard rate, higher rates were regarded as a virtual certainty.

The move adds to the bank's money market flexibility, and provides scope for smaller, more frequent monetary adjustments in the future.

Several countries with strong trading links to Germany lifted rates in response to the German move. The rises were followed by rate increases in Switzerland, the Netherlands, Belgium and Denmark.

The French and Italian markets were closed but the move is expected to thwart French attempts to lower interest rates, as the franc is near the bottom of the European Monetary System currency grid.

Taking the decision: Helmut Schlesinger does not think the rate rate rise will harm the German economy

Traders said the unexpectedly small rise would allow the UK, Spain and Italy to keep their rates unchanged. In London, the move did not prevent the London stock market rising to its second successive record closing high.

The gain of 8.4 in the FT-SE 100 index to 2,617.2 was prompted by strength in gilts and US bonds as the Bundesbank raised interest rates by less than some had feared.

The real thrust of the German policy move, however, was directed at German companies and trade unions.

Mr Schlesinger quoted one of his colleagues as having said at yesterday's meeting: "We can't have a continued tendency for stability expectations to fall among the public and in the economy and for inflationary expectations to rise".

He did not think the rate rises would harm either the west or east German economy, although several economists, as well as Mr Jürgen Möllemann, the economics minister, have warned against Bundesbank action at this stage. "Real interest rates [allowing for inflation] are by no means particularly high", Mr Schlesinger said.

He also stressed that the Bundesbank wanted the D-Mark to remain strong to help combat inflation. "We are keen to see that the D-Mark is not devalued and we are pleased by the correction from DM1.84 to around DM1.74 (against the dollar)". The German currency has firmed against the dollar in recent weeks, especially after his strong anti-inflationary comments. Yesterday, the dollar closed at DM1.7320 in London.

Schlesinger acts, Page 2
Editorial Comment, Page 14
Lex, Page 16
London stocks, Page 25
Currencies, Page 32
Euro stocks, Back Page Sect 2

Delors warned over progress to Emu

By Peter Marsh, Economics Staff

LACK of economic convergence among European Community nations could jeopardise prospects for economic and monetary union (Emu), the Bank of England warned yesterday.

In its latest quarterly bulletin, the Bank said the past year had seen few signs that individual EC nations were moving closer in terms of economic performance, as measured by factors such as as inflation, interest rates and public-sector debt.

In a clear signal to Mr Jacques Delors, the European Commission president, that his plans for full monetary union over the next few years may be premature, the Bank said "greater and more durable" convergence would be needed before Emu could be realised.

The Bank of England said yesterday there was "no clear evidence" of an end to the UK recession, as figures revealed the largest July rise in unemployment since the Second World War and the biggest quarterly decline on record in factory investment. Page 6

A fixed timetable for moving to a full union could result in individual countries being forced to institute "crash" convergence measures which might cause high unemployment and "risk jeopardising the position of all member states", the Bank said.

The Bank's analysis of economic trends across Europe echoed recent warnings from the German Bundesbank that differences between the main European economies may require delays in setting up a full union, accompanied by a single currency and a single European central bank.

After a long period in which inflation rates in several EC countries had become more similar, the Bank said there had been "little further progress on convergence" over the past year. Further, a number of nations had seen inflation increase in recent months, a development "incompatible" with the objective of eventual monetary union.

While short-term interest rates across the Community have shown some signs of becoming more alike, there are doubts about the robustness of this trend, according to the Bank.

Big differences between the EC countries in public-sector debt and budget deficits also need to be resolved if Emu is to become a reality, the Bank believes.

It warned that "potentially unsustainable" debt positions in specific countries threaten to undermine monetary policy discipline, and could cause upward pressure on inflation.

Salomon bond deal activities known for 4 months

By Patrick Harverson in New York

THE scandal surrounding the Wall Street securities house Salomon Brothers and its illegal activities in the US government bond markets deepened yesterday after it admitted that management had waited almost four months before reporting to the government that its traders had broken US Treasury market rules.

Salomon disclosed late on Wednesday that three of its most senior officers, including Mr John Gutfreund, the chairman, had known about unauthorised customer orders and rule violations as early as April of this year, but had failed to report them to US government authorities until August 9. Salomon said the failure was due to "a lack of sufficient attention to the matter".

The disclosures have plunged the powerful securities house into crisis. Speculation intensified yesterday that Mr Gutfreund may have to resign over the affair, which emerged last week when Salomon admitted rigging the bidding process for new Treasury securities on several occasions in the past nine months.

Fears that the Federal Reserve might punish Salomon by revoking its status as a primary dealer in government bonds sent the company's shares tumbling on the New York Stock Exchange. By mid-session, the shares had fallen $4½ to $27¼ in heavy trading. Queues formed before the market opened as investors moved to sell Salomon stock, forcing the start of trading to be delayed for over an hour until the order imbalance was rectified.

Evidence of Salomon's illegal activities in the US bond markets surfaced after the firm owned up to violating trading rules between December 1990 and May 1991. Salomon acknowledged it had bought more than the permitted 35 per cent of government issues after four, possibly five, recent Treasury auctions.

The firm exceeded the limit – imposed to prevent one firm from cornering the market in a new government issue – by falsifying customers' orders and not reporting its acquisitions to the Federal Reserve.

Salomon also admitted on Wednesday that it had regu-
Continued on Page 16

Crisis deepens, Page 17

Hong Kong company buys London store for £60m

By John Thornhill in London

BURTON Group, the struggling UK retailer, yesterday sold Harvey Nichols, a fashionable London department store, for £60m ($101.4m) to Dickson Concepts, a Hong Kong-based retailing and wholesaling company headed by Mr Dickson Poon.

Burton's intention to sell Harvey Nichols, which is patronised by the British royal family, had been rumoured since the beginning of the year.

The deal was made public only one day after the retailer announced that 88 per cent of the shares in its £161m rights issue had been taken up.

Harvey Nichols has been trading in Knightsbridge in central London since the start of the century. Its well-heeled customers include the Princess of Wales and the Queen Mother, who have granted the store royal warrants.

The acquisition of Harvey Nichols provides another example of the considerable appetite shown by overseas companies for British branded retailers.

Niche market success for Hong Kong businessman: Dickson Poon profile ..Page 21
Lex ....Page 16

In recent months, Japanese companies have bought the Aquascutum and Daks-Simpson fashion groups, taken a minority stake in Laura Ashley and reached a trading agreement with Liberty.

Mr Poon – who yesterday could not quite remember whether he was 35 or 36, but who opted for the lower age on consideration – has expanded his interests in little over a decade from one shop in Hong Kong into an international business.

Dickson Concepts, now one of the top 50 companies listed on the Hong Kong stock exchange, boasts interests in the Far East, North America and Europe, running 100 shops and 5,000 wholesale outlets. It had sales last year of HK$2.2bn ($280m).

Speaking in Hong Kong, Mr Poon said: "We believe that Harvey Nichols is one of the leading department stores in London and one of the greatest stores in the world. It offers a very good opportunity for future development."

In the year to September 1 1990, Harvey Nichols recorded pre-tax profits of £1.4m on sales of £36.9m ($62m). The business employs 430 people.

Dickson Concepts will pay £44.6m for the site and the shares of Harvey Nichols holding company. It will also repay Burton £9m of inter-group debts and assume external debts estimated at £6m.

The sale will further strengthen Burton's balance sheet and is another achievement for Mr Richard North, Burton's recently appointed finance director who successfully steered the company through its tricky rights issue.

Burton shares closed unchanged at 40½p.

Weekend FT

Tomorrow: Waiting for the revolution – the shadowy world of the Soviet Union's Islamic party

●

The Columbus myth explored

CONTENTS

Soviet reformer faces his final break with the Communist party

Alexander Yakovlev, former aide to President Gorbachev, has been recommended for expulsion from the Communist party. His berating of the party and its response reflects its continuing fragmentation.
Page 2

MARKETS

STERLING
New York lunchtime:
$1.6775
London:
$1.688 (1.6875)
DM2.925 (2.9275)
FFr9.95 (9.955)
SFr2.57 (2.565)
Y230.25 (230.5)
£ Index 90.6 (90.8)

GOLD
New York: Comex Dec
$362.7 (363.6)
London:
$358.65 (357.25)

N SEA OIL (Argus)
Brent Oct
$19.45 (19.425)

Chief price changes yesterday: Page 17

DOLLAR
New York lunchtime:
DM1.7435
FFr5.935
SFr1.53305
Y136.68
London:
DM1.733 (1.735)
FFr5.895 (5.9)
SFr1.523 (1.5195)
Y136.4 (136.55)
$ index 66.4 (66.4)
Tokyo close: Y136.59

US lunchtime rates
Fed Funds: $5\frac{11}{16}$%
3-mo Treasury Bills:
5.441%
Long Bond:
100¼
yield: 8.097%

STOCK INDICES
FT-SE 100:
2,617.2 (+8.4)
FT Ordinary:
2,042.6 (+9.3)
FT-A All-Share:
1,252.61 (+0.5%)
New York lunchtime:
DJ Ind. Av.
3,013.86 (+8.48)
S&P Comp
390.71 (+0.81)
Tokyo: Nikkei
23,016.68 (−374.62)

LONDON MONEY
3-month interbank:
10⅞% ($10\frac{13}{16}$)
Liffe long gilt future:
$93\frac{7}{16}$ (93¼)

EUROPEAN NEWS

Schlesinger fires two barrels at German inflation rate

By Andrew Fisher and Katharine Campbell in Frankfurt

"WHAT THIS is really about," said Mr Helmut Schlesinger, the Bundesbank president, "is ensuring that the wave of price increases we have had in Germany, and that were accentuated in July, ebbs away again and doesn't increase further."

Mr Schlesinger, who took over at the bank just two weeks ago from Mr Karl Otto Pöhl, was speaking at a news conference called to explain why the central bank was putting up its interest rates.

Since higher official rates had been widely foreshadowed – to a much greater extent than is usual for the Bundesbank – the decision came as no surprise. However, there was a neat wrinkle with the decision to put up the Lombard emergency funding rate by only a quarter of a percentage point to 9.25 per cent. The discount rate rose by the expected one point to 7.5 per cent.

Mr Schlesinger took the opportunity to hammer home yet again the message that he and his colleagues have already stressed in recent weeks, namely that inflation in Germany is too high. In July, the annual rate of consumer price rises was 4.4 per cent, the highest since the end of 1982. While 0.7 of a point of that reflects higher consumer taxes imposed to help pay for unification, that leaves an underlying rate of over 3.5 per cent.

Without actually waving his finger at potentially recalcitrant employers and employees, Mr Schlesinger built up his argument by first listing the factors that could continue to fuel inflation: further indirect tax rises, higher disposable incomes when a temporary tax surcharge (also to pay for unity) comes off next summer, and a planned VAT rise at the start of 1993.

He added: "There is no small danger that all this could be anticipated in the next wage round and in companies' pricing policies. Such a development...must be prevented." In other words, pay negotiators should base their claims and agreements on actual productivity gains and economic realities. If they did not, and if prices did continue to go up by more than was consistent with stable monetary policies, this would affect industrial sales, production, and jobs.

As the west German economy slows down, productivity growth is expected to ease to around 1.5 per cent next year from roughly 2.25 per cent in 1990, according to Mr Thomas Mayer of Salomon Brothers. If underlying price rises (excluding the impact of tax changes) continue at 3.5 per cent or so, wage increases should not exceed 5 per cent. This year, the going rate has been about 7 per cent.

Mr Mayer welcomed the rates increases. "This brings the message home to trade unions and employees that the Bundesbank is determined to prevent a wage-price spiral."

The raising of the Lombard to 9.25 rather than 9.5 per cent also leaves the bank with further ammunition if it decides the message needs reinforcing.

From a technical standpoint, the Lombard move is an attempt to create greater manoeuvrability in its regular monetary operations. The Bundesbank apparently wishes to edge away from the clumsiness of infrequent, and thus larger and often internationally provocative interest rate decisions, and towards the kind of fine tuning associated with the US Federal Reserve.

German central bank officials have stressed how both the Lombard emergency funding rate and especially the discount rate have lost their function as key signal rates for the financial markets. The weekly liquidity allocations, through security repurchase tenders, have in turn been portrayed as the main indicator of monetary policy intentions.

Wednesday's tender, where the central bank drained a higher than expected DM4.8bn from the market and provided most of the funds at rates as high as 9.15 per cent, was a clear curtain-raiser for its interest rate decision. "Yesterday's move leaves the role of the weekly tenders very much enhanced," notes Mr Robin Marshall, chief economist of Chase Manhattan Bank in London.

The clearest disadvantage of the conduct of monetary policy to date has been the ease with which the Lombard rate would lose its penalty function as market rates, often ahead of a Bundesbank council meeting, would move above the Lombard ceiling. Hence banks could make easy profits by helping themselves to unlimited funds from the Bundesbank and then lending these out at higher yields in the market. On Wednesday, banks had borrowed nearly DM8bn through the Lombard facility.

On the more general issue of price rises, Mr Schlesinger also pointed out that inflation could be exported, stating that some neighbouring countries with close trade links to Germany were now experiencing price rises. He hinted that other central banks would, therefore, also raise interest rates, as subsequently happened yesterday afternoon in Switzerland, the Netherlands, Denmark, and Belgium.

As for anyone who had previously objected that a rise in German rates would come too late to reverse existing inflation, Mr Schlesinger had a pat answer. "You can assume that even we don't believe we can undo something like that." It was a light touch of humour, and Mr Schlesinger even allowed himself a brief grin.

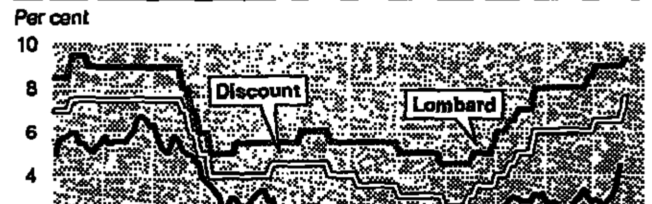
A more serious objection, however, was that higher interest rates at this stage in the economic cycle would do more harm than good, especially in east Germany.

Mr Schlesinger said he did not believe the higher rates would lead to an economic downturn in the west – growth is already tailing off, anyway – though he made clear his concern that excessive economic demand, stemming from the economic impulses unleashed by unification, could fuel future inflation, especially in the construction sector.

"The upturn in east Germany will not be hindered by our interest rate moves," he said. Most investments there were being undertaken at interest rates subsidised by the government and state-owned banks. The decision to raise the discount rate was aimed at ending a different form of subsidy which had been on offer to help the refinancing of banks in east Germany.

All in all, it was a fairly impressive performance, even if the occasion was something of an anticlimax after all the build-up. But Mr Schlesinger and his colleagues knew what was expected of them, especially the expectations they had themselves engendered. "The markets would have been disappointed if we hadn't reacted to the economic development and problems in Germany," he said.

German interest rates and inflation



Source: Datastream

Communists to expel leading Soviet reformer

By John Lloyd in Moscow

MR Alexander Yakovlev, a former aide to President Gorbachev and one of the most liberal of Soviet reformers, was yesterday recommended for expulsion from the Communist Party by its Central Control Commission.

Mr Yakovlev has been a leading target of hardline communists and Russian nationalists because of his insistent liberalism.

The move to expel him came after Mr Yakovlev had given a string of interviews berating the party for its slowness in adopting a revisionist programme and for the inadequacy of the programme itself.

He resigned last month as an aide to President Gorbachev, saying that while Mr Gorbachev still believed in the ability of the Communist Party to renew itself, he no longer did.

He was a co-founder, with the former foreign minister, Mr Eduard Shevardnadze, and others, of the Movement for Democratic Reforms, which will decide next month whether to set itself up as a nationwide party in opposition to the Communist Party. Mr Shevardnadze has already been expelled from the Communist Party.

A communist official since 23, Mr Yakovlev was a senior apparatchik in the Central Committee until 1973, when his liberalism, and especially his authorship of a controversial newspaper article, caused him to be sidelined as ambassador to Canada.

Brought back in 1983 during the leadership of Mr Yuri Andropov and following a meeting of minds with Mr Gorbachev – then a rising star – he passed through a series of senior posts, becoming a full member of the politburo in 1987.

He was successively in charge of ideology and international policy in the politburo, often crossing swords with Mr Yegor Ligachev, the arch-hardliner who has now retired to the sidelines of the Party and politics.

Mr Yakovlev's decision to give up any semblance of communist faith, and the subsequent reaction of the party, reflects not so much a tightening of discipline within that organisation as a continuing fragmentation of the party, as those who wished to save it from its excesses discover that: once the excesses go, there is little left to save.

Three Yugoslav republics devalue the dinar

National guardsman practising martial arts in Serbia yesterday

THE ABILITY of Yugoslavia's federal government to control the country's monetary policy was yesterday undermined after the republics of Serbia, Croatia and Slovenia unilaterally devalued the dinar, the unit of currency, writes Judy Dempsey.

The dinar, which Mr Ante Markovic, the prime minister, had pegged to the D-Mark in December 1989, was yesterday devalued by 40 per cent. The three republics have set the rate at 22 dinars to the mark, or 35 dinars to the dollar.

The move was condemned by Mr Branko Dragas, the vice-governor of the Yugoslav National Bank. "The devaluation is illegal. It could trigger galloping inflation," he said. Inflation, officially running at 70 per cent a year, is likely to reach 120 per cent, according to western economists.

The decision is aimed more at attracting domestic hard currency savings in order to buy crucial imports, than precipitating any substantial economic reforms.

Western banks and governments have declined to issue fresh credits to Yugoslavia until stability has been restored, and a consensus between the six republics reached about how to resolve the country's political crisis.

Last month, the federal government issued an urgent appeal for financial assistance worth $3bn to prevent the collapse of the economy.

Since becoming prime minister in March 1989, Mr Markovic had conducted a tight monetary and fiscal policy designed to bring down inflation, which in 1989 had reached an annual rate of 1,400 per cent.

Meanwhile, in an effort to get fresh peace talks off the ground, the European Community yesterday sent Mr Henry Wijnaendts, the Dutch ambassador to France, to Belgrade.

A Croatian national guardsman was yesterday killed by Serbian snipers near the village of Kostajnica, southeast of the Croatian capital, Zagreb.

E Europe states urged to reform banking

By Judy Dempsey, East Europe Correspondent

RADICAL reform of the banking system in eastern European countries is needed in the next phase of the transformation of these economies, says a report yesterday by Schroders, the UK investment bank.

Moreover, the European Community must lift the trade barriers imposed on its eastern neighbours in order to ease their move to a market economy, and speed up their integration into the west.

The report gives an up-beat assessment of the reforms since 1989.

In particular, it cites how democratic governments have liberalised prices, despite the social effects, and pressed ahead with privatisation, but with varying degrees of success. It says the criteria for successful privatisation have not yet been fulfilled.

For example, no consensus among these governments has yet been reached on finding a balance between the efficiency of large state enterprises and the equitable allocation of their shares.

Poland, Czechoslovakia and Romania have issued free shares, or vouchers, to their populations. This is partly to allay fears that privatisation would mean a sell-out to foreign investors; partly because of the lack of domestic savings; and partly because of the difficulties in evaluating the assets of the enterprise.

However, the report cautions that the different methods of privatisation have not yet had any impact on the management structures.

For instance, enterprises can still obtain soft loans from other enterprises, or from banks. The report argues that this persistence of soft-budget constraints can be diminished, and management structures and accountability can be strengthened through reform of the banking system.

It says banking reform would increase the efficiency of state industries. In addition, inflation could be combatted once prudent controls on bank lending were introduced.

Such reforms would require a restructuring, as well as a re-capitalisation of the banking system. This would entail mechanisms for discipline such as central bank supervision and competition between banks.

The report suggests that re-capitalisation of the banking system could be achieved through government borrowing being channelled through the banking system to be lent to the private sector.

"It is obviously critical for the new loans to be made on sound commercial criteria: this can be achieved by providing bank managements with capabilities and incentives to balance potential profit against risk. Banks must be given assistance in building management expertise, and forced to compete with each other for funds," says the report.

However, these reforms must be coupled with access by these countries to world markets.

Closer to home, the EC, which is drawing up bilateral association treaties with the countries of eastern Europe, and which has reduced quotas on imports from eastern Europe, has failed to address the crucial areas of textiles and agriculture.

Central & Eastern Europe in Transition, Donald Franklin and Michael Harnett. Schroders, 33 Gutter Lane, London EC2V 8SA.

Economy comes apart as federation splits

The prospect of total paralysis is looming, write **Judy Dempsey** and **Laura Silber**

IF ANY conclusions can be drawn from the political crisis in Yugoslavia, they are that the federation no longer exists, and that, as a consequence, the federal government has increasingly ceded control of the economy to the republics.

The first conclusion, by now, is a truism. There are no signs that Slovenia, which declared its independence on June 25, has any intention of retaining its political or economic links with Yugoslavia. Croatia, too, has announced its independence, and recently severed its trade links with Serbia, the largest of the country's six republics.

However, the second conclusion is having such an effect on the day-to-day functioning of the economy, that paralysis will set in unless the equivalent of a Soviet union treaty is agreed between Yugoslavia's six republics and two provinces.

These pessimistic assessments are among conclusions to be drawn from recent reports by two investment banks, Morgan Stanley of the US and Schroders, which is UK-based.

Mr David Roche, a senior economist at Morgan Stanley and author of the report, reckons that industrial output in Yugoslavia, which fell by 10 per cent in 1990 compared with the preceding year, is likely to decrease by another 20 per cent this year, and by 12 per cent more in 1992.

His estimates also indicate that the trade deficit, which could rise to $3.4bn this year, will be heavily influenced by the collapse in tourist receipts which officially amounted to $2.8bn in 1990. The current account had a $2bn surplus in 1989.

However, recent statistics from Yugoslav officials suggest that the deficit could be substantially greater. According to Mr Andjeljko Simic, president of the Association of Tourist Agencies, "the normal earnings from tourism are in fact about $10bn. These include direct and hidden receipts from this sector of the economy".

Mr Roche also estimates that inflation will rise to 250 per cent this year, despite efforts by Mr Ante Markovic, the federal prime minister, to curb consumer price inflation, which reached a peak of 1,335.7 per cent in 1989, and which fell sharply to 120 per cent in 1990.

Not surprisingly, figures for investment, which in any case had been falling steadily since 1986, will fall by 20 per cent in 1990, and a further 15 per cent in 1992.

In addition, any real growth in national income is unlikely in the near future. There was a slight upturn of 0.8 per cent in 1989, but in 1990 it fell by 7 per cent. Mr Roche reckons it will fall this year by a further 20 per cent, and another 15 per cent in 1992.

"I would expect living standards to plummet around 30 per cent over the next two years," he says.

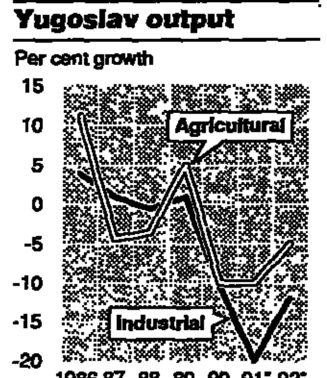
The Schroders report also gives little room for optimism, particularly since foreign creditors, and foreign investors, are unlikely to make any fresh financial commitments to the federal government, or for that matter, to any of the republics.

"With potential foreign creditors making internal [i.e. all-republic] agreement a condition of lending fresh money, the federal government faces a funding crisis," it says.

According to Morgan Stanley's calculations, Yugoslavia's foreign debt is $17bn gross – or 33 per cent of gross domestic product and 84 per cent of export receipts – and its net debt totals $9.5bn. The annual debt service cost is $3bn, or 17 per cent of exports, and annual interest payments total $1.4bn.

The only plus side in terms of the debt, is that $3.4bn of total gross debt is categorised as "private non-guaranteed". "The rest [of the debt] is either public or publicly guaranteed, which means that in case of default, the lending banks suffer less and the lending government has its deficit hit more," concludes Mr Roche.

Yugoslav output



Source: Morgan Stanley Research *est

But when these economic statistics are placed within the context of the day-to-day functioning of the Yugoslav economy, the nature of the crisis takes on an even more serious dimension. The infrastructure for conducting trade among the republics has virtually collapsed.

For instance, JAT, the state airline which has unconfirmed debts exceeding $120m and is run by Serbia, no longer flies to Croatia or Slovenia. And anyway, those two republics now have airlines of their own.

The railway system, too, is affected by the crisis. Services between Zagreb, the Croatian capital, and Belgrade, the federal capital and capital of Serbia, were suspended last month, and have resumed only erratically.

Lines to southern and eastern Croatia, where much of the fighting between ethnic Serbs and Croats has been concentrated, are simply not functioning. "There was total chaos on those tracks. Sometimes there were bombs on the lines," explained a railway official. "We cannot guarantee people's safety all the time."

The disruption of air and rail services, as well as the cutting off of relations with the rest of Yugoslavia by Slovenia and Croatia, would delay the delivery of raw materials and spare parts to enterprises throughout the country, he pointed out.

Iskra, the Slovene telecommunications enterprise, is expected to lose $30m (£18m) this year after breaking its ties with Zastava, the Serbian-based car company, and with Electro Industria, a large electrical engineering concern in Nis, southern Serbia.

For its part, Croatia, while making a political point in severing relations with Serbia, is likely to be the loser because Serbia had already taken steps to mitigate any economic embargo. Several months ago, for instance, it seized 187 filling stations on its territory which were owned by INA, the Croatian oil company and Yugoslavia's largest.

Mr Ivan Derek, INA's assistant general manager, says the seizure cost his company $250m in lost property and sales. Croatia might compensate for the loss of income by exploiting its oil and natural gas fields. The problem is, however, that they are located in eastern Slavonia, where most of the fighting has taken place.

Like their western counterparts, Yugoslav economists see no way out of the crisis, unless a new, and long-term modus vivendi is worked out between the republics and the two provinces. Otherwise, they conclude, the prospects for stability, reforms aimed at attracting fresh investment, and any recovery in the economy in the near future, can be ruled out.

Yugoslavia: Anatomy of a Crisis. Morgan Stanley, 1a Wimpole Street, London W1M 7AA. July 10, 1991. Central & Eastern European comment. Schroders. 33 Gutter Lane, London EC2V 8AS. August 8, 1991.

Germans worried by far-right violence

By David Goodhart in Bonn

THE RISING incidence of acts of violence by extreme right-wingers in east Germany is a cause of serious concern, according to Mr Wolfgang Schäuble, the German interior minister.

Mr Schäuble, presenting the 1990 report of the German security services, said there could be about 15,000 neo-Nazis in east Germany, many of whom had been involved in acts of violence against low-wage workers from eastern Europe, visitors from Poland, and Soviet soldiers.

The neo-Nazis, who are most visible in the Dresden area, have recently attacked homes for asylum-seekers in east Germany. Many asylum-seekers now refuse to go to homes in east Germany because of the fear of attack.

This adds to the number of refugees going to west German states, and in turn increases the pressure for reform of Germany's relatively liberal asylum laws.

However, the security services report's annual review of the strength of the political forces on the extreme left and right in west Germany shows a marked drop in support in 1990.

Members of what the authorities classify as extreme left organisations fell from 41,000 in 1989 to 29,500 in 1990 mainly because of the collapse of the (west) German Communist Party following the end of communism in east Germany. Members of extreme right organisations fell 10 per cent from 35,900 to 32,300.

Despite reunification, Mr Schäuble said the security services could not significantly reduce their work. A proper internal security service needed to be built up in east Germany. The work of the former east German secret police, the Stasi, and the Soviet secret service continued, Mr Schäuble said. The report estimates that there are still 400 active communist agents in sensitive positions in Germany.

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Row as Germans buy up their old lands to the east

By Leslie Colitt in Berlin

RESENTMENT is growing in Poland and Czechoslovakia over the purchase of property by Germans in areas which once belonged to Germany or which it occupied until 1945.

Polish and Czechoslovak newspapers and officials say the purchases are an attempt to recover land lost in the second world war. An official of the German state of Brandenburg, which borders Poland, said Germans were buying up land in western Poland through Polish intermediaries.

The extent of the illegal sales is unknown because title-deeds are registered in the names of Polish middlemen. The intermediaries technically remain the owners until Poland's ban on the sale of private property to foreigners is lifted.

"A Polish farm of 20 hectares will sell for about DM40,000 (£13,650) which is a fortune in Poland but dirt cheap for a German. Both sides make a good deal," the official said. He warned, though, that nationalist tensions could be exacerbated if a large number of Germans decided to move back into the former German provinces of Silesia, Pomerania, Western Prussia and part of Eastern Prussia, which were handed over to Poland in 1945. Millions of Germans were subsequently expelled from the territories.

One Berlin official said it was inevitable that German property operators would deal in Polish and Czechoslovak properties. "The dilemma is that many Poles and Czechs are eager to sell."

Some had begun advertising in German newspapers, and Polish businessmen were offering to sell lakeside summer houses to Germans in Pomerania. The Polish press frequently accuses the Germans of wanting to gain control of western Poland.

Officials fear that more land purchases by Germans could whip up anti-German feelings among the poorer Poles.

Polish newspapers in particular allude to a "German danger" in Upper Silesia.

Mr Heinrich Kroll, the ethnic German leader of the Organisation of German Silesians, a far-right nationalist group, is frequently singled out for

'A Polish farm of 20 hectares will sell for about DM40,000 which is a fortune in Poland but dirt cheap for a German. Both sides make a good deal.'

the support he receives from exile groups in Germany.

The Polish defence minister recently attacked the organisation, accusing it of wanting to win back Silesia for Germany.

Germans are also buying property in the former Sudetenland of western Czechoslovakia whose German inhabitants were expelled after 1945.

Mr Jiri Kucera, a Czechoslovak foreign ministry official, confirmed this week that Germans were using middlemen to buy land as well as shops put up for sale in privatisation auctions. However, he said the ministry was "not aware of the extent of the sales and do not yet see a danger".

Some Czechoslovak commentators have been less benevolent. It was the Nazi annexation of the Sudetenland in 1938 which foreshadowed the dismemberment of Czechoslovakia.

Mr Kucera said he was uncertain what would happen if large numbers of Germans resettled in the former Sudetenland. Czechoslovakia will be obliged to allow any citizen of the European Community to reside on its territory if it joins the EC.

Claims for compensation by Germans who lived in the Sudetenland have stalled the delicate negotiations between Bonn and Prague over a border and co-operation treaty.

The Association of Expelled Sudeten Germans, a strong lobby in Bavaria, urged the Bavarian government led by the Christian Social party – the sister party of Chancellor Helmut Kohl's CDU – to insist that the treaty give Sudeten Germans the right to be compensated by Prague for their losses after 1945.

In addition, Czechoslovakia, increasingly dependent on Germany economically, is inclined to turn a blind eye to the property deals. President Vaclav Havel has condemned the expulsion of Germans from Sudetenland as a "deeply amoral act" but has also ruled out compensation.

Mr Kucera said he hoped the negotiating stalemate could be overcome in time for a treaty to be signed in October. Czechoslovak commentators have warned that if a solution is not found, the Sudeten German demands could become an issue in the campaign for Czechoslovakia's parliamentary elections next year.

WORLD TRADE NEWS

North America free trade talks progress

By Bernard Simon in Toronto

THE US, Canada and Mexico appear to be making unexpectedly smooth progress in the early stages of talks on the creation of a North American free trade area.

Mr John Weekes, Canada's chief negotiator, said yesterday that "we're off to a good start, and everyone is working well together."

While points of disagreement have inevitably surfaced in the 20 working groups, no crisis has yet emerged to threaten the negotiations.

The three countries' trade ministers and representatives are due to meet in Seattle this Sunday to review progress and to give political direction on some of the contentious issues which have arisen so far.

The three, Ms Carla Hills from the US, Canada's Mr Michael Wilson and Mr Jaime Serra Puche of Mexico, last met when the negotiations were formally launched in Toronto in June.

The three governments have agreed to exchange offers for the elimination of tariffs and to submit specific requests for lowering non-tariff barriers by September 18. Drafting of rules of origin is also expected to begin soon.

They appear to be working towards a deal which would eliminate customs tariffs on most products more quickly than the timetable set in the Canada-US free trade pact (Custa) which came into force in 1989. Under the Custa, tariffs on only relatively few items were eliminated immediately, with most phased out over five and ten-year periods.

The US has indicated, however, that it wants the abolition of duties on the most sensitive products over a longer period than the 10 years set in Custa.

The automotive sector is emerging as one key point of friction in the trilateral talks. Both Mexico and the US are reportedly pressing for Custa's 50 per cent North American content requirement for duty-free access to be raised to 60 per cent. Canada is concerned that its relatively high-cost industry would struggle to remain competitive with a higher threshold.

One of Mexico's main concerns appears to be security of access to the US and Canadian markets. Mexican negotiators are pressing hard for a greater degree of certainty in US anti-dumping practices.

Wilson: first meeting with counterparts since June

Brisk business for US anti-dumping agencies

Nancy Dunne looks at increasing workloads of trade law enforcement departments

CHROME-PLATED wheel lug nuts from China and Taiwan, fax paper from the EC, minivans from Japan – these and dozens of other products, both common and exotic, are undergoing close scrutiny at the International Trade Commission (ITC) and the US Commerce Department's International Trade Administration (ITA).

Business is brisk this year at the two agencies charged with enforcing the US anti-dumping laws. The number of cases, which had fallen since 1986, has begun to soar again. Fifty-three complaints have been initiated so far, compared with 31 for all of last year and 23 the year before.

It is a sign of recession, many analysts say. Businesses which tolerate rivalry in times of prosperity suddenly find the competition too hot and the notion of anti-dumping duties alluring.

Anti-dumping cases proceed simultaneously on a two-track process through the ITA and the ITC. The ITA, a division of the Commerce Department, investigates whether dumping has occurred and the size of the dumping margin (ie the difference between the so-called "fair market value" and the actual price being charged on the ground). The ITC, an independent non-partisan government body, determines whether a specific US industry actually been injured by dumping.

There is some irony to be found in the increased use of the anti-dumping laws at a time when US policy, as is constantly repeated, has as its main aim the opening of markets through the trade liberalisation talks of the Uruguay Round held under the General Agreement on Tariffs and Trade (Gatt).

There, attempts by other nations to clarify the multilateral anti-dumping code is getting cautious handling by the US negotiators.

No Gatt proposal draws more bombast from Congress than the suggestion that US trade laws will be "written in Geneva" by a bunch of foreigners. Sixty senators last year wrote to President Bush telling him not to "weaken" US trade laws.

These senators sincerely believe that US industry is being attacked by dumping, says Mr Michael Knoll, an American lawyer and a former special assistant to the two most recent chairmen of the ITC.

In a new paper, written for the Cato Institute, a Washington think tank, Mr Knoll contends that the anti-dumping law is being "exploited by protectionist domestic interests."

What most laymen think is "dumping" – to them, predatory pricing to drive competitors out of business – is far removed from the legalities of US anti-dumping law, he says. In the US, a foreign company is considered to be dumping if it sells mercandise "below fair market value." That is either the average price of the product in its home market or, if it is lower, the cost of producing the product.

"Under that definition, a foreign firm can be dumping even if it is charging a normal, competitive price for its product in the US market. The language to the contrary, dumping is economically innocent," he says.

According to Mr Knoll, the ITA, employs a medhodology that is biased against imports. Instead of comparing the average price of the accused product in the US market and the average price in its home market (or the cost of production), the ITA compares each US sale with the average price in the home market or estimated production cost.

Foreign representatives interviewed by the GAO said standard of proof required to initiate a US dumping case is too low.

The rigid deadlines, set by Congress to insure that an industry can get some protection before it is destroyed, can also serve to limit the quality and extent of study of the case. Under US laws, the ITA must determine within 20 days whether or not to initiate a case.

The two agency system causes other difficulties, according to foreign trade experts. Since dumping and injury are handled by two agencies, it is often assumed that an injured industry has been hurt by dumped goods rather than other factors.

Meanwhile, US exporters could face similar rough treatment as more and more countries put anti-dumping regimes in place. According to the GAO, between 1980 and 1989, globally Australia led the US with the number of anti-dumping cases filed by its industries – 421 to 395. In the same period the EC had 271.

Although the US and Canada are supposed to be erasing trade barriers under their Free Trade Agreement (FTA), they retained the rights to bring trade complaints against each other. Canada filed 58 against the US between 1980-89 – and at least two so far this year.

Unless there is some movement in Gatt on the Anti-dumping Code, the lofty goals for a North American FTA and, ultimately, a hemisphere-wide pact, could well follow a similar pattern – liberalisation to tear down barriers, followed by new protection through anti-dumping cases for industries that cannot take the heat.

NEW ANTI-DUMPING CASES INITIATED BY MAJOR GATT TRADING PARTNERS

	Australia	US	Canada	EC	Mexico	†Total
1980	8	21	25	16	0	72
1981	20	13	24	34	0	94
1982	79	58	79	33	0	249
1983	80	49	26	30	0	186
1984	53	37	27	39	0	158
1985	61	76	37	32	0	208
1986	62	64	16	12	0	157
1987	21	15	32	32	17	123
1988	16	39	15	29	10	124
1989*	21	23	13	14	3	85
Total	421	395	294	271	30	1456

*First half only † Total includes claims from other countries Source: GATT/ITC

The International Trade Commission decided yesterday that flat screen imports from Japan used in portable computers and for medical purposes had injured US industry.

An investigation began after the Commerce Department received a petition filed on behalf of the US industry by Advanced Display Manufacturers of America and its member companies.

The companies include Planar System Inc, Plasmaco Inc, OTS Optical Imaging Systems Inc, The Cherry Corp, Electro-Plasma Inc, Photonics Technology Inc and Magna Screen Corp.

World motor vehicle sales forecast at 74m by 2010

By Kevin Done, Motor Industry Correspondent

WORLDWIDE motor vehicle sales are forecast to jump by more than 50 per cent in the next 20 years to reach 74.7m in 2010 compared with the 49.3m vehicles sold last year.

According to The World Vehicle Market Strategic Review and Forecast Databook, an ambitious study* published yesterday by Euromotor reports, nearly one-third of the growth or 8m units would be accounted for by the net increase in sales in the Asian region, excluding Japan.

Strong growth is also forecast in eastern Europe where annual vehicle sales volumes are expected to show an increase of 4.3m units in the next 20 years compared with a rise of 4m in western Europe.

The most remarkable growth rates are forecast for South Korea, where annual vehicle sales are forecast to rise to 3.4m in 2010 from 977,000 last year.

The study says that sales in South Korea will accelerate at such a rate that the national vehicle fleet will jump from 3.2m in 1990 to 24.8m in 2010.

Hitherto motorisation has been a phenomenon of the western world. Last year western markets accounted for 79 per cent of all vehicle sales and 76 per cent of the world vehicle fleet for only 15 per cent of the world population, says the study.

It forecasts that the less developed countries will gain massively in importance as vehicle markets in the next 20 years.

The outlook for 2010 is for for more than one third of the world's vehicle sales or 35.5 per cent to be made in the less developed countries, more than triple the share they had in 1960.

The report says that sales rates of vehicles in the less developed countries are lagging those in the more developed countries by around 35 years. The developed countries absorbed 13m vehicles in 1960, a demand level that will be reached in the less-developed countries in 1995.

The report warns western car makers to maintain and build their strategic positions in the less developed countries as "by far the majority of the rising demand in the less-developed nations will be met by local assembly and/or manufacture."

In the more developed countries car sales in the next 20 years are forecast to increase by 40 per cent and commercial vehicle sales by 62 per cent.

The explosive growth rates forecast for Asian markets – excluding Japan – are supported by very low levels of vehicle ownership in 1990.

The study shows ownership densities for the share of the population between 20 and 64 years of age of 22 vehicles per 1,000 population in the Asian region. In the less-developed countries generally it is 58 vehicles per 1,000 population, compared with 855 vehicles per 1,000 in the more developed countries.

The study warns that the demands for vehicle scrappage in 2010 will be "immense on a global basis."

"Underlying the worldwide sales in 2010 of almost 75m cars and commercial vehicles will be the scrapping of some 55m vehicles. This is double the number scrapped as recently as 1985 and a 70 per cent increase from the more than 32m vehicles that went to auto graveyards in 1990.

"The forecast scrap rate only 20 years from now – 220,000 vehicles every working day – has immense implications for the global infrastructure that deals with the recycling of vehicles and their components and materials."

*The World Vehicle Market Strategic Review and Forecast Data Book, Report no.006, Euromotor Reports Ltd, 105/106 New Bond Street, London, W1Y 9LG. Price £695.

Ford dealerships set to open in Soviet Union

FORD MOTOR said it is expanding its role as the first American automobile manufacturer to sell cars in the Soviet Union since before the Second World War by opening up new dealerships in Moscow, Leningrad and Estonia, Reuter reports from Detroit.

The joint-venture dealerships join a similar operation in the Ukraine, near Dnepropetrovsk, which has been selling European model Ford cars and light trucks for the past three months, Ford spokeswoman Lin Cummins said.

Ford said the Moscow site should be open by September 1991 and the Leningrad location is expected to be operational in two to three months.

But Soviet buyers will be faced by Ford's policy requiring payment in hard currency.

Ford sales so far have been limited to major fleets and companies with access to hard currency. Ford will probably exceed its preliminary sales estimate of 700 cars this year by 40 to 50 per cent.

The Soviet dealerships are part of a wider programme to sell Ford cars and light trucks in Eastern Europe, where it has 18 main dealers and 33 service dealers. Ford said its major thrust at the moment is in Poland and Hungary.

Ford Manager for Eastern Europe Sales Mr RC Sharp, said that the Soviet car market is expected to develop slowly as the different Republics move to a market economy.

Taiwan action on illegal fishing

TAIWAN will take action against drift-net fishing vessels that have allegedly violated the fishing accord reached with the US, a government official said yesterday, AP/DJ reports from Taiwan.

Lee Jen-chyuan, director of the Fisheries Department of the Council of Agriculture, said his agency has acknowledged 16 Taiwanese vessels operated outside their legal boundaries last month.

The government will investigate the alleged violations when the vessels sail home in late October. If convicted, the vessels' licences will be revoked as well as the licences of their skippers.

Mr Robert Mosbacher, US Commerce Secretary, has previously cited Taiwan and South Korea for violations of drift-net fishing agreements.

AMERICAN NEWS

Federal backing for suit over GE engine sales

By George Graham in Washington

THE US Justice Department has backed a civil suit that accuses General Electric Company (GE) of the US of a $30m fraud over the sale of aircraft engines to Israel.

The suit is tied to an extensive corruption scheme to skim money from the $1.8bn annual grant from the US to Israel to buy defence equipment.

Brigadier-General Ravi Dotan, former head of Israeli air force procurement, this year in Israel admitted he ran the scheme, and was sentenced to 13 years in jail there.

Charges were originally filed by a GE employee, who alleges that the company conspired with Brig-Gen Dotan to submit claims for aircraft engine testing equipment which it never in fact supplied.

GE said that, according to Israeli investigators, the affair was centred on the efforts of Brig-Gen Dotan and a GE employee sacked in March this year "to hide schemes for their own enrichment."

Congressional investigators are also examining whether the alleged fraud could have been to switch US funds to programmes which should not have qualified for aid.

The company said it was co-operating fully with the US inquiry, and it was conducting its own investigation to see whether other employees were involved.

The "whistle-blower" legislation, under which the suit was filed, allows Mr Chester Walsh, the GE employee who made the original complaint, to share between 15 and 25 per cent of any eventual award made.

GE said yesterday that the alleged fraud could have been stopped earlier if Mr Walsh had decided to inform the company, rather than "to file a secret law suit."

Grenadian death sentences commuted

THE GRENADIAN prime minister, Mr Nicholas Brathwaite, has in effect commuted the death sentences of 14 prisoners convicted of the murder in 1983 of a prime minister that led to the US invasion of the island, Reuter reports from St George's.

Mr Braithwaite made the announcement late on Wednesday in a radio broadcast to the eastern Caribbean island country, saying the 14 would serve life terms in prison.

"We have had enough bloodshed in Grenada," the premier said in his 10-minute speech. "Let us renew our pledge to work to give Grenada a positive image – an image of a peaceful and stable country."

Amnesty International, the human rights group, had urged clemency for the 13 men and one woman convicted of murdering Maurice Bishop, who had led the first Marxist government elected on the island of 110,000 residents.

Seven of Bishop's associates were also killed on October 19 1983, when the assassins shot dead the men after a power struggle within the government. US troops invaded Grenada soon afterwards.

Those convicted of the murders included army officers, Bishop's chief deputy, Bernard Coard, and the latter's wife Phyllis. All were sentenced to hang, and an appeals court last month upheld the convictions.

Five of the men had been due for execution two weeks ago but a court delayed the hangings to consider a motion by defence attorneys.

Mr Brathwaite, a former schoolteacher, served as interim prime minister of the country after US troops took control of the island.

"We should consider this the end of a chapter of history in Grenada," he said on the radio. "It is my deep conviction that the national interest will best be served by reconciliation."

The premier acknowledged that his decision to recommend the granting of clemency by the island's governor-general, which will be a formality, would draw criticism from island residents, many of whom supported the death sentence.

Irma Serrano – a former film actress who rejoices in the nickname La Tigresa (The Tigress) – is running for the Mexican senate in the state of Chiapas, for an opposition party and in her own flamboyant way

Ecuadorean tribe attacks British Gas over forest use

By Ken Warn

BRITISH Gas's environmental record in Ecuador was bitterly attacked yesterday by a leading campaigner for rights of tribal peoples.

Mr Luis Vargas, an Achuar Indian and representative of Confeniae, an umbrella organisation of Ecuador's Indian peoples, said in London: "British Gas has done a lot of damage in our forest." The Achuar Indians no longer wanted British Gas on their land and were no longer prepared to negotiate with the company, he said.

British Gas, which yesterday strongly defended its activities in Ecuador, became active there in 1988 when it bought several international oil and gas properties from Tenneco, the US gas pipeline and industrial group, for $194.5m. The acquisition included a 500,000-acre concession in the Oriente region of southern Ecuador, the home of several tribes, including the Achuar.

Ecuador's oil production is concentrated in the north, but exploration in the south is being stepped up, leading to increasingly militant opposition from tribal groups. The national government does not recognise native land rights.

Mr Vargas claimed that, in a recent incident, armed tribesmen had approached a British Gas site near the village of Chuintza, leading the company to call in the military to protect its workers. British Gas said it had no knowledge of such an incident but would double-check with its office in Quito, the Ecuadorean capital.

The company said it took over the Tenneco exploration programme when that was about half complete. Four wells have been drilled in all, three of them dry. The fourth, completed in December 1989, produced small quantities of oil. No decision had yet been taken on whether it was commercially viable, the company said, adding that it had very few workers left in the region. A reafforestation scheme for the sites was under way.

Friends of the Earth, the environmental campaign group, believes that environmental damage can occur during oil exploration in forest areas through the cutting of lines through the forest to conduct tests, the use of explosives, and creation of landing and drilling sites.

British Gas has long been sensitive over criticism of its environmental record in Ecuador. In June, it released a study of its activities there, denying any adverse social or environmental impact.

Mr Vargas, however, denounced the report, claiming that tribal people – "the best environmentalists," he said – had not been consulted about it. He was seeking a meeting with British Gas "at the highest level," he added.

The Achuar campaign against the activities of international oil companies will appear on Monday in a Channel 4 television documentary, The Flames in the Forest.

US housing starts up 3.7%

By Michael Prowse in Washington

US HOUSING starts rose by 3.7 per cent last month – a further sign of growing confidence in real estate markets.

The Commerce Department said starts were running at a seasonally adjusted annual rate of 1,070 in July – 26 per cent above the trough reached in January.

Starts have risen in five of the past six months.

But the rebound – which has been spurred by a series of interest rate cuts since last autumn – only makes good a portion of earlier declines.

In the most recent three months, starts were still 14 per cent below the average level last year and about a third lower than in the late 1980s.

Other indicators point to a modest recovery in housing. Sales of new homes rose 9 per cent in the second over the first quarter of this year. Sales of existing homes have surged, recovering all the ground lost last year.

The scale and durability of the housing recovery is widely seen as a crucial determinant of the economy's overall health. Falling residential construction accounted for nearly a third of the drop in final domestic sales during the recession.

Arkansas governor to test making bid for president

By George Graham

GOVERNOR Bill Clinton of Arkansas has announced that he is to form a committee to explore making a bid for the presidency.

Governor Clinton said he had not yet decided to seek the nomination for the presidency, but his announcement nevertheless provides encouragement for the Democratic party, which has begun to despair of attracting any candidates to run against President George Bush.

So far, only ex-Senator Paul Tsongas of Massachusetts has formally declared for the 1992 presidential election, and a string of other potential candidates have already ruled themselves out of contention.

Senator Jay Rockefeller of West Virginia has pulled out, as has Congressman Richard Gephardt, leader of the Democrats in the House of Representatives.

The Rev. Jesse Jackson is also expected to choose to host a talk show on CNN television rather than make a third try at the presidency.

Mr Clinton became the youngest governor in the US when he was first elected at the age of 32 in 1978. He lost the job in 1980, but returned in 1982.

Mr Clinton is highly rated by his fellow-governors for his effectiveness, and is considered a good speaker.

Like other governors, however, he would have to run mostly on domestic issues, and would stand little chance of matching up to President George Bush on foreign policy questions.

UK unmoved on Falklands

BRITAIN yesterday shrugged off a UN committee vote urging talks with Argentina over the Falkland Islands, saying the government's position on sovereignty remained non-negotiable, Reuter reports.

"Whilst we welcome the improvement in our relations with Argentina, and we are happy to develop that bilateral relationship, the question of our position on sovereignty over the Falklands remains unchanged," the Foreign Office said. "It's non-negotiable."

The UN decolonisation committee approved a resolution late on Wednesday, 21:0, with three abstentions, calling for a peaceful negotiated settlement between Argentina and Britain of their dispute over the islands in the south Atlantic.

The Foreign Office criticised the committee as "unrepresentative, anachronistic and (carrying) little weight."

Return of Brazilians' frozen assets begins

By Victoria Griffith in São Paulo

BRAZIL yesterday released the first tranche of bank account assets frozen in March last year under the government's anti-inflation plan.

The $1.7bn payment is the first of 13 monthly instalments, totalling $26bn, by which the government plans to return the assets to Brazilians.

The government froze the accounts in an attempt to put a lid on consumer demand and stem price rises. Some savers, encouraged by the pay-back, yesterday tried to convince bank cashiers to give them back all their money at once.

The battle for the money has begun in earnest. The government raised interest rates this week to 500 per cent a year, their highest level since President Fernando Collor de Mello took office 17 months ago, in an attempt to encourage Brazilians to put the money into government bonds or savings accounts.

Shopping centres around São Paulo offered special promotions yesterday in an attempt to capture consumer interest. Dollar and gold prices surged.

Equity prices, which have been falling in recent weeks over fears of a new economic shock, rose in the belief that some of the cruzados would be invested in stocks.

The return of the assets has sparked fears of a resurgence of inflation in Brazil.

AP reports from Brasilia: The presidents of Brazil and Argentina have agreed to ban the manufacture of chemical and biological weapons in their countries, Brazil said yesterday.

The leaders will sign an agreement to that effect next week, when President Carlos Menem visits Brazil, Mr Francisco Rezek, Brazil's foreign minister, said.

Brazil and Argentina, the only atomic energy powers in South America, have never produced chemical or biological arms. But Mr Menem and Brazilian President Fernando Collor de Mello want to "set an example," and other South American nations will be invited to sign the accord, Mr Rezek said.

Mr Menem, in Buenos Aires, said Chile will be invited to join.

INTERNATIONAL NEWS

UN agrees to let Iraq sell oil worth $1.6bn

By Michael Littlejohns in New York

A MAJORITY of United Nations Security Council members agreed yesterday on a plan for a one-time exception to the Iraqi oil embargo to permit Baghdad to raise up to $1.6bn to buy food and medicines, making a downpayment for war reparations and meet some other costs imposed by the Gulf war ceasefire terms.

A resolution hammered out during prolonged private negotiations among the five permanent members was scheduled to be adopted at a full session of the Security Council last night.

Iraq has objected to the terms, calling them inadequate to meet the country's humanitarian needs, but is expected ultimately to agree if the shortages of food and medical supplies are as severe as it claims.

Iraqi oil will not start flowing until the Council considers and approves a report due in 20 days by Mr Javier Pérez de Cuéllar, the UN Secretary General, on the amount of cash that should go for humanitarian supplies and how much for other obligations.

The UN will not only receive and lodge all generated funds in an escrow account but also control the distribution of food and medicines throughout Iraq to ensure that they reach those in real need and are not diverted arbitrarily by the government.

Perez de Cuellar: due to report soon

Over the authorised six-month period, about $1bn is expected to be used for this purpose. The UN sanctions committee must approve each transaction and authorise the disbursement of the funds received.

The draft resolution is among three separate texts negotiated by the US, the Soviet Union, Britain, France and China and accepted by most of the other members.

One calls on Iraq to pay 30 per cent of its future oil revenues into the reparations fund established under the ceasefire terms.

A further resolution condemns the Iraqis for concealing weapons of mass destruction that the UN has ordered Baghdad to scrap, and insists on total disclosure and access by UN inspectors who must be allowed to travel freely in the country and employ their own aircraft to carry out their mission.

A high-altitude American U-2 spy plane is already being used to spot hidden Iraqi arsenals and weapons production facilities.

Legal battle expected in Japanese banking fraud

By Steven Butler in Tokyo

A LEGAL battle among banks and finance companies involved in the Toyo Shinkin Bank fraud appeared likely yesterday when Toyo Shinkin said it would not honour Y342bn ($2,514m) in faked deposit certificates used as collateral for loans. The bank said it would defend its position in court if necessary.

A number of finance companies have been quoted in the Japanese press as saying they would press Toyo Shinkin to honour the documents, since they are believed to carry authentic seals of the bank. A seal in Japan is roughly the legal equivalent of an authorised signature in the west.

An official at the Bank of Japan, the central bank, said earlier that Toyo Shinkin's obligations under the law were not entirely clear and that if negotiations did not produce an adequate solution, a court battle lasting many years could ensue.

Mr Tomomi Maekawa, a former branch manager at Toyo Shinkin, was arrested on Tuesday and charged with forging 13 certificates of deposit between October last year and April.

The faked certificates were allegedly issued to Ms Nui Onouye, an Osaka restaurateur and stock market speculator, who is said to have used the certificates to obtain loans from finance companies and banks, including Industrial Bank of Japan.

IBJ has admitted lending large amounts of money to Ms Onoue, although it said it begun to reduce the outstanding loan balances to Ms Onoue over the past year. IBJ, largely engaged in long-term lending to industry, has been embarrassed by its involvement in the affair and there has been speculation that its president might be forced to resign.

The scandal concerns allegations of fraud similar to those raised in the last month in connection with three other banks, including Fuji Bank.

The Toyo Shinkin scandal appears by far to outpace the others both in complexity and size even though it is only a regional credit co-operative with deposits amounting to just Y360bn. This is only slightly larger than the face value of the forged certificates.

The National Federation of Credit Co-operatives yesterday confirmed that it had made an emergency loan of at least Y10bn to Toyo Shinkin to forestall any loss of confidence in the bank.

The Bank of Japan has said the underlying business of Toyo Shinkin is sound and that it would stand behind the bank in order to protect depositors. The central bank is likely to have been the source of the funds, although its policy is not to comment on loans to invididual banks.

Inflation fall spurs Tokyo rally

By Steven Butler

JAPANESE domestic wholesale prices rose 1.7 per cent in July compared with a year ago, the Bank of Japan said yesterday, adding to evidence that the central bank's effort to bring inflation under control is succeeding.

Prices were unchanged against June, although July normally brings an increase because of higher summer electricity charges. The announcement of the good inflationary figures produced a brief rally in the Tokyo bond market, which later turned down, amid rumours that the Bank of Japan was unhappy about any premature easing of interest rates.

Although prices for electric power, water and gas rose by 4.4 per cent, month on month, this was offset by a 3 per cent decline in petroleum and coal products prices. Heavy fuel oil declined by 15.6 per cent, while naphtha, a chemical feedstock, fell 15.8 per cent.

Wholesale prices also gave evidence of deflationary pressures in the pipeline. Final goods prices, including import prices, rose 1.6 per cent against a year ago. Intermediate material prices rose 1.5 per cent, while raw materials prices fell 4.2 per cent.

A strong yen also helped to ease price pressures. The easing of inflationary pressure comes amid mounting evidence that the economy is slowing down.

June saw the biggest fall yet recorded in the rate of capacity utilisation in manufacturing industries. The index fell by 3.9 percentage points to 102.4, against a base of 100 in 1985, the Ministry of International Trade and Industry reported. The rate of capacity use for electric machinery fell 10 per cent. Tokyo July department store sales recorded a weak rise of 0.6 per cent against a year ago - the smallest increase since November, excluding the period after Japan's consumption tax was introduced in 1990.

Malaysia acts to curb demand

By Lim Siong Hoon in Kuala Lumpur

THE MALAYSIAN government is acting to ease the pressures on a economy that has been straining under the weight of strong domestic demand, and faces shortages of labour and some domestic supplies.

A package of monetary and fiscal measures unveiled late on Wednesday suggests that the government is determined to decelerate real growth in gross domestic product, from 10 per cent last year to its target of 7.5 per cent this year. Real aggregate demand growth is to be pared from 14 to 8 per cent.

As one of the steps, the statutory reserve ratio of banks and finance companies will be raised by 1 percentage point to 7.5 per cent.

Bank Negara, the central bank, also said it wants to curb consumer spending, credit for which had grown by 70 per cent during the past two years.

An immediate move is to reduce the credit margin for vehicle purchases from 90 per cent to 75 per cent of the sales price, while the maximum repayment period is being shortened considerably.

The latest monetary measures follow previous attempts by the bank to soak up liquidity – last week it absorbed M$500m ($181m) from the system.

Traditionally, the bank has relied on open market sales to curb monetary growth while it keeps a lid on interest rates to support capital and consumption growth.

In February, however, the bank relaxed the fixed interest rate policy to allow financial institutions to set their own prime rates. During recent months these rates have been edging up.

Despite the measures, M3 money supply (currency and all private deposits) is still expected to rise by 20 per cent this year, after an 18 per cent increase last year.

The central bank's latest shock treatment is widely thought to have been aimed not only at curbing the inflation rate (estimated at more than 6 per cent) but also at supporting the Malaysian dollar and dealing with the rapid deterioration in the current account deficit.

Malaysia's 1991 first quarter merchandise trade slid into deficit after eight years of surpluses. This year's current deficit forecast of M$8bn, compared with M$4.6bn last year, was based on a merchandise surplus.

Dealing with the balance of payments difficulties is complicated, however, by domestic restrictions such as fixed ceiling prices for products like cement and essential consumer goods. To ease a cement shortage, the government has also announced that all quotas for cement imports will be lifted free of duty until December 31.

Wages for blue-collar labour are to be reviewed upwards, also to help overcome staff shortages faced by the rapidly expanding manufacturing sector where local and foreign investment has risen sharply.

Fears grow for trapped divers

By Angus Foster in Hong Kong

FEARS were mounting last night for four divers who were trapped under an oil rig barge which capsized in the South China Sea 65 miles east of Hong Kong after being hit by Typhoon Fred.

The barge, DB29, capsized yesterday morning leaving 12 dead and 21 missing.

A total of 174 people were taken off the barge in a rescue effort mounted through the day by the Royal Air Force, Royal Navy and private vessels.

In the picture on the left, one of the survivors is seen in the sea wearing a lifejacket and appealing for help.

Specialist divers were last night being rushed from Singapore to Hong Kong to try to rescue the four trapped divers.

Conditions remained very difficult because of high seas, poor visibility and 100 kph winds from the typhoon.

Nearly 200 people were on the barge, including more than 100 Malaysians. There were also nine US citizens, eight Australians and seven Britons.

The barge was reported to belong to McDermott International, a US marine exploration company, operating out of Singapore.

The company has been conducting oil exploration work in the area for the Chinese government.

Patti Waldmeir reports on a new climate of reconciliation

Natal townships find uneasy peace

"PEOPLE always, after some time, get tired of killing each other," said Mr Oscar Dhlomo, a veteran black politician from South Africa's Natal province.

He was trying to explain the tenuous peace which prevails in some of its townships where, only a year ago, murder had become commonplace.

Natal did not wait for yesterday's news that a draft peace plan had been agreed between national leaders of South Africa's three main political rivals: the African National Congress, the mainly Zulu Inkatha Freedom Party, and the government.

In recent months, rival local leaders (helped in some cases by the white business community) have fostered a new climate of reconciliation in some of Natal's most troubled townships. Numerous formal or informal peace agreements have been or are being drawn up at community level. Some have worked and some have failed; but overall, in the townships which surround the main cities of Durban and Pietermaritzburg, the relentless daily carnage of a year ago appears to have slowed.

That does not mean Natal is at peace: far from it. According to a report recently released by the Black Sash, a human rights group, 583 people died in political violence in Natal in the first six months of this year. But the focus of the violence appears to have shifted from suburban to rural and coastal areas which were previously unaffected.

In the townships of Durban and Pietermaritzburg, where thousands of deaths have occurred since 1986, local researchers say they believe "collective exhaustion" has set in. In some areas, either the ANC or Inkatha has consolidated power: with one party controlling access to schools and local amenities such as the post office, the other side has been left with little alternative but to sue for peace. In other cases, local leaders have acknowledged a stalemate.

In the region's two most publicised accords – covering the huge black township of Mpumalanga and the townships of the Lower Umfolozi area, near the port of Richards Bay in northern Natal – local white businessmen have brokered peace.

They have provided support for the negotiators (venues, transport, refreshments), liaison with the police, and in some cases, direct mediation. The threat that business would pull out if violence did not cease concentrated the minds of political rivals.

A declaration of peace at national level – which should emerge from next month's planned multi-party peace conference – will help bolster local agreements. But past national deals have failed to reach the grassroots.

Community leaders stress that local accords remain fragile.

Ultimately, peace will depend on development in one of South Africa's most depressed areas. Natal's development problems are huge: services are already badly overstretched, yet the population of greater Durban is expected to rise by a further 2m people to 6m by the end of the century. And as labour researcher, Mr Matthew Kentridge, points out: "Unless very active and drastic steps are taken now, there will be no increase in employment remotely proportional to population growth." Politics aside, that could be a recipe for more or less unending violence.

Days numbered for Zaire's government

By Julian Ozanne in Kinshasa

ZAIRE'S enfeebled government yesterday suspended a national conference on the country's political future in the face of a boycott by a coalition of major opposition parties.

The suspension of the conference, amid widespread accusations of government cheating, is a serious setback for President Mobutu Sese Seko who has ruled the country as a personal fiefdom for 26 years. It also marks a realisation by the government of the growing power of the opposition to dictate the terms of the political dialogue.

The government of Mr Muhumba Lukoji, prime minister, was said to be close to resignation last night after having failed to break through the political impasse since the opposition mounted their boycott earlier this week.

The conference had been seen as the opportunity to negotiate a peaceful transition to a multi-party system. But opposition leaders claim Mr Mobutu has consistently tried to disrupt and distort its work by packing the meeting with pro-Mobutuist delegates.

They say the ruling party and government have given conference credentials to 4,288 pro-regime delegates despite the fact that the conference venue has a maximum capacity of 3,500.

The opposition also complains of a government monopoly of television and radio, and of harassment by security police. It wants an immediate authority made up of government and opposition figures to be formed, to monitor the financial transactions of the National Bank, which they allege is being looted on a large scale by the political élite which realises its days in power are numbered.

Calling a halt: a flashback to 1987 when world share prices tumbled and Hong Kong closed for four days

Future of stock exchange comes to a head

Hong Kong brokers must vote on a reform package on Monday , writes Angus Foster

A DEBATE which has rumbled around Hong Kong for at least five years will come to a head on Monday when the stock exchange votes on a controversial reform package.

At stake is whether Hong Kong should aspire to be a major international market or remain a colourful financial centre for southern China. Also at issue is whether a small group local Chinese stockbrokers who founded and nurtured the Hong Kong stock exchange should be allowed to continue to control it in their own way.

The reform package is designed to overcome weaknesses in the exchange first identified after the 1987 world stock markets crash, when dealings in Hong Kong were halted for four days. Following the market closure, an official report accused the exchange of acting like a "private club" rather than in the public interest.

The package will widen the representation on the exchange's governing council so that no single interest group can dominate. The council will be enlarged to bring in more big brokers as well as representatives of listed companies and other market users.

The package also stresses that the exchange's primary responsibility is to the public rather than its members and will abolish certain practices, such as voting by proxy, which have been open to abuse.

The reforms are being backed by the Securities and Futures Commission, the overall market watchdog. The SFC believes Hong Kong's markets should be brought in line with other financial centres in an effort to attract international financial business. It hopes that acceptance of the reforms will signal that Hong Kong's past troubles have been left behind.

However the changes are unpopular with individual Chinese brokers, who now dominate the exchange and hold about 550 of the 929 shares.

They are unhappy because the exchange they founded as a private company is now having to become international. They fear their influence is waning and their rights, such as the exchange's never-exercised powers to distribute dividends, are being taken away.

"The Hang Seng Index is at an all time high but none of the small brokers are happy," according to Mr Chim Pui-chung, who has been representing small brokers in the discussions.

The present controversy dates back to 1986 after the unification of the Hong Kong stock exchange under the guidance of Mr Ronald Li, now in jail for corruption. Because the exchange was so successful, it started to attract international broking firms which took exception to some of its practices.

The closure of the exchange in 1987 severely embarrassed the government, which announced a thorough review of Hong Kong's securities industry, leading in turn to the setting up of the much more powerful SFC. The government then used the trial of Mr Li as proof that Hong Kong was cleaning up its act.

Although some reforms were introduced to the exchange, the main issue of undue control by individuals and interest groups was not properly addressed. None of Hong Kong's main brokers in terms of turnover is represented on the present council. Earlier this year Mr Philip Wong, first vice chairman, was able temporarily to reintroduce preferential share allocations to council members, a practice widely seen as open to abuse.

Mr Wong resigned after this move was overturned. Although the episode again raised questions about Hong Kong's international pretensions, it also provided the government and SFC with the impetus to launch the current reforms.

The package needs to be approved by 75 per cent of votes cast, which will be difficult. Mr Francis Yuen, chief executive of the exchange, is "confident" the package will receive 50 per cent of the votes and "optimistic" it can get 75 per cent. But Mr Arthur Cham, chairman of the Hong Kong Stockbrokers Association which represents about 220 small brokers, said most of his members would vote against the package.

Although small brokers control more than half the shares, sweeteners may tempt some to vote in favour. The SFC has said it will support an extension of the exchange's transaction levy and a proposed capital reduction to give cash to exchange members if the package is approved.

If it is overturned, however, the SFC will impose a similar set of reforms using its statutory powers. The government has said it will back the SFC in forcing through the changes.

But an imposed settlement could take time or lead to court action. The government may also be unable to maintain its support for the SFC if the reform package is overwhelmingly rejected.

The SFC is keen for the reforms to be adopted voluntarily because it does not want to be seen as heavy-handed.

Even if the exchange does agree to the reforms, however, some in Hong Kong remain uncommitted to the SFC's wider ambitions on internationalisation.

The SFC has failed to win the backing of its logical constituency, British merchant banks and stockbrokers in Hong Kong. Senior bankers complain the SFC is too powerful, and complying with its regulations is too expensive.

They also doubt Hong Kong can truly aspire to international status, especially since the colony is likely to face interference in its financial markets by the Chinese authorities after 1997. Under these circumstances, Hong Kong should concentrate on its role as a financial centre for China's Guangdong province.

"People who come into this market from overseas know the risks inherent in Hong Kong but they also know the possible rewards. If you have tighter regulations, you may decrease the risk but you also lose some of the rewards," one banker said.

HONG KONG STOCK EXCHANGE GOVERNING COUNCIL

Membership	Present	Proposed	*SFC imposed
Leaders in turnover	§1	§4	†3
Middle-rank	♣4	♣5	‡5
Rest	11	8	7
Lay members	5	10	12
Executives	1	3	2
TOTAL	22	30	29

* If reform vote fails. § Top 12 firms. † Top 10. ♣ Next 46. ‡ Next 40

Australia's economy shrinks 1%

By Kevin Brown in Sydney

THE Australian economy contracted by 1 per cent in the three months to the end of June, and by 2.4 per cent over the 1990-91 financial year, confirming fears that Australia may be recovering more slowly than expected from an 18-month recession.

However, Mr John Kerin, the Treasurer (finance minister) refused to discuss the prospects for an easing in monetary policy, which is widely expected after the federal budget next Tuesday.

Economists said the figures released yesterday made a cut in official interest rates almost certain.

Some said the subdued state of the economy indicated rates could fall by as much as a full percentage point to 9.5 per cent.

The June quarter contraction followed an increase of 0.4 per cent in gross domestic product in the three months to March, suggesting that government hopes of a sustained recovery in the second half of the year may have been misplaced.

GDP has now contracted in four of the last five quarters. The contraction over the financial year, which ended in June, compared with forecast growth of 2 per cent in the 1990 budget.

Mr Kerin believed a "recovery phase" was under way, but conceded the upturn was "a lot slower" than expected.

Car output rises but exports show signs of slowing

By Kevin Done, Motor Industry Correspondent

UK CAR production in July was 12.9 per cent higher than a year ago despite the continuing sharp fall in UK new car sales.

Car output is still being supported by the strong growth of sales in export markets, but the Society of Motor Manufacturers and Traders (SMMT) warned yesterday that exports were slowing significantly.

Mr Simon Foster, SMMT director, said: "The motor industry did a good job in the first half of the year in holding off the worst effects of the recession by increasing exports," he said.

"Exports, however, are slowing markedly and are now running at two-thirds the level achieved at the start of the year."

Production levels for cars and commercial vehicles would suffer in the second half of the year as exports declined due to a fall-off in European demand.

Car production in July rose to 102,060 from 90,393 in the corresponding month a year ago according to the figures released by the SMMT and the Central Statistical Office (CSO).

British production in the first seven months rose by 7 per cent to 796,434 from 744,140 in the corresponding period a year ago, although car production was still 2.0 per cent below the level of two years ago.

Several car makers operating in the UK including, Ford, Rover, Vauxhall (the UK subsidiary of General Motors) and Nissan of Japan have sharply increased exports this year, partly in response to the big jump in new car demand in Germany.

Production of cars for export in July at 38,739 was 61.7 per cent higher than a year ago. In the first seven months car output for export jumped by 109.5 per cent to 373,442 from 178,255 a year ago, while production for the domestic market fell by 25.3 per cent to 422,992.

Commercial vehicle output has not been cushioned by a big jump in export sales and has reflected the very sharp decline in domestic demand.

Output in July fell by 23.2 per cent year-on-year to 16,760, while production in the first seven months of 1991 declined by 26.2 per cent to 128,331 from 173,815 in the corresponding period a year ago.

Bank issues gloomy verdict on economy

Peter Marsh

THERE is "no tangible evidence" of a recovery later this year in the UK economy, although the evidence points to a modest upturn, the Bank of England said yesterday in its latest quarterly bulletin.

The Bank said signs had emerged of a reduction in the rate of decline in the economy. The timing of any recovery was uncertain, but "the future level of output is more likely to turn up than turn down".

Any pick-up in output is likely to be linked to an increase in sales by UK exporters, which the Bank expects to benefit from a general upturn in the world economy and sterling's lower exchange rate.

World trade is likely to grow by 3 per cent this year, helped by a recovery in the US, and by relatively strong growth in Germany and Japan. In spite of continued weaknesses in much of the rest of Europe, and uncertainties about the conclusions of the Uruguay Round of trade negotiations, the Bank expects world trade to expand more rapidly in 1992.

As for the UK market, the Bank is uncertain about the degree to which increased spending by consumers will aid a domestic recovery. The Bank welcomed the recent reductions in inflation and also rises in business confidence over the past few months.

But Bank officials believe consumers are unlikely to move quickly to increase borrowing, and cut back on saving. The housing market "shows no sign of reviving" from its depressed levels of the past two years.

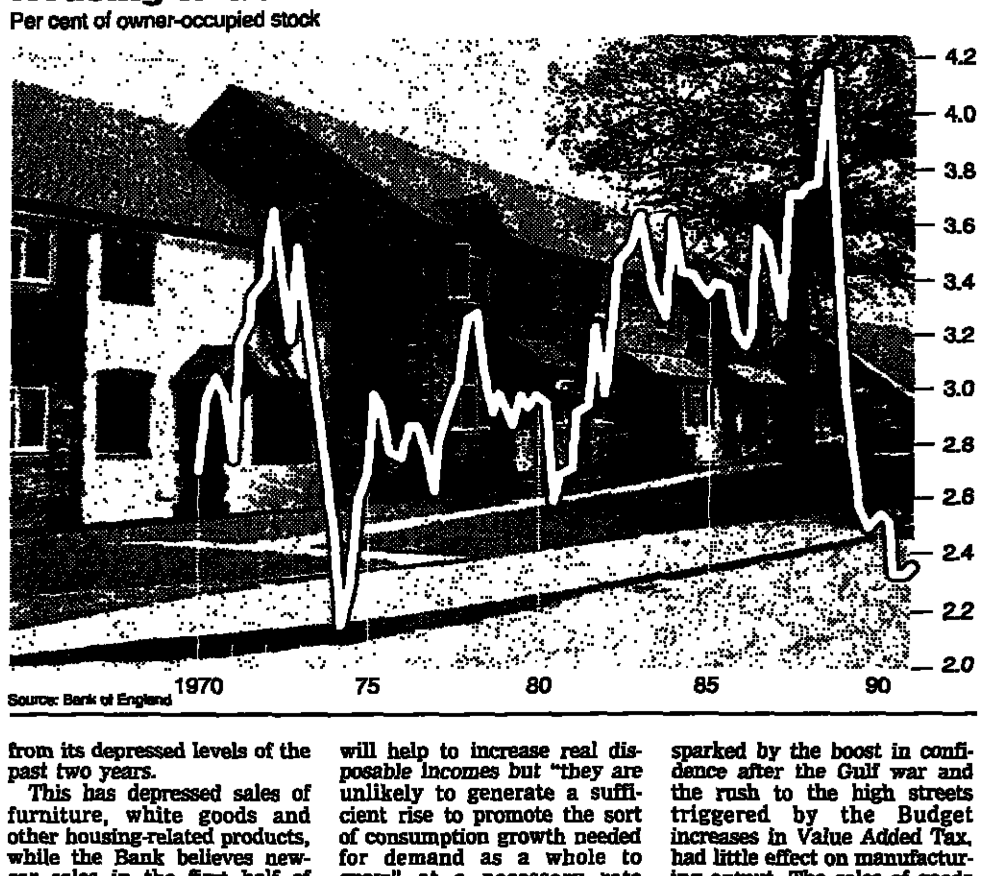
This has depressed sales of furniture, white goods and other housing-related products, while the Bank believes new-car sales in the first half of 1991 are likely to be down by about a quarter on the equivalent period last year.

Continued falls in inflation will help to increase real disposable incomes but "they are unlikely to generate a sufficient rise to promote the sort of consumption growth needed for demand as a whole to grow" at a necessary rate needed for a large expansion in the economy, the Bank said.

The largely unsustained rise in retail spending in March, sparked by the boost in confidence after the Gulf war and the rush to the high streets triggered by the Budget increases in Value Added Tax, had little effect on manufacturing output. The sales of goods were met mainly by a £600m reduction in manufacturers' and distributors' stocks during the first quarter of 1991.

Housing turnover

Per cent of owner-occupied stock



Source: Bank of England

The Bank urged caution on monetary policy, saying the full effects of the series of interest rate cuts, which have brought base rates down to 11 per cent from 15 per cent last October, are still working into the real economy, and may not be fully felt until 1992 or 1993.

Officials see no reason to rule out further reductions in UK base rates later this year, although they are likely to be modest. Yesterday's much-anticipated rise in German lending rates is expected to have little impact on the strategy of the UK monetary authorities.

Uncertainties about how much and how fast people will cut back on savings, which have risen as a proportion of income over the past year, throw doubts about the pace of any rise in spending by consumers. This accounts for about two-thirds of total UK output, and is thought to be a vital factor in propelling any sustained upturn.

According to the Bank, consumers have showed a "growing unwillingness to borrow" in recent months, although that might change soon, as the effects of cuts in mortgage-interest rates feed through.

Consumer confidence is still low, even though it has been rising for the past 18 months, the Bank says. It could be damaged further, the Bank believes, by events such as the approaching general election or by the wider repercussions of the collapse of Bank of Credit and Commerce International.

Regional figures reveal job losses across Britain

By Rachel Johnson, Economics Staff

A REGIONAL breakdown of yesterday's record seasonally-adjusted rise in July unemployment of 68,000 reveals that job shedding is occurring throughout all areas of the UK, but still fastest in the service-sector heartland of the south east.

Unemployment in Greater London reached 8.2 per cent of the workforce in July, up from 4.9 per cent in July 1990, reflecting the way the recession has rapidly eroded employment levels in the service industries which clustered round the capital in the 1980s.

Though 36,000 manufacturing jobs were lost in June – slightly down on May's figure but three times the 13,000 lost in April – government officials said the recession was still hitting service industries hardest.

Unemployment is rising most slowly in the regions which started off with the highest percentage out of work – the north, Scotland and Northern Ireland.

In those regions, the unemployment rate rose by 0.1 percentage points on the month compared to 0.3 percentage points in the south east, the south west, the west midlands and Wales. While July's overall rise was the 16th running, unemployment has risen in Scotland for nine successive months.

The unexpectedly-big rise to 2.4m in seasonally-adjusted unemployment (the unadjusted total rose by a sharp 127,000) in July was partly attributed to the arrival of students on unemployment registers at the end of the academic year. Employment officials said that the inflow to the unemployment register of 442,000 – after 326,000 in June – could be explained by students signing on in July before "getting jobs in the autumn."

Mr Michael Howard, the employment secretary, said that unemployment's rate of increase had "fallen substantially" despite the rise in the unemployment rate to 8.3 per cent of the workforce, from June's previous 8.1 per cent.

"In each of the last three months the increase has been well below that of each of the previous months," he said.

Officials said that the average monthly unemployment total over the three months to July had come down to around 65,000, after 80,000 over the six months to July.

The general assessment of the trend in unemployment was unchanged by last month's "blip". Monthly rises averaged between 60,000-70,000.

BRITISH TECHNOLOGY GROUP

US launch blamed for fall in profits

By Tim Lawrence

BRITISH Technology Group, the world's largest technology transfer company, yesterday reported a 31 per cent fall in profits for 1991 in its last annual results before privatisation.

Sir Colin Barker, chairman of BTG, attributed the fall in profits to the launch of British Technology Group USA – a subsidiary set up to try and licence BTG profits in the US – and the impact of the recession on equity investments.

Pre-tax profits dropped from £9.41m last year to £6.47m for the year ending in March, from revenues of £30.71m.

There was also an expected drop in revenues from the insecticide pyrethrin, which currently makes up just under 50% of BTG profits but is coming to the end of its patent life.

But Mr Ian Harvey, BTG chief executive, said investment in new technologies had risen steadily and claimed that prospects for the second half of the decade were promising.

Sir Colin Barker

Last year's profits were also exceptionally good, partly because of royalties of £3.35m from a four-year legal battle with US defence authorities over patents for Hovercraft.

During the year BTG accepted 269 inventions for commercial development – of which 30 per cent came from commercial rather than academic sources.

Investment expenditure increased by 16 per cent from £11.08m to £12.88m.

Mr Harvey predicted that BTG's forthcoming privatisation would not have a dramatic impact on the company.

"We have been running the business along commercial lines for the last five years, so we do not see any significant change," he said.

Sir Colin gave a conditional welcome to the privatisation: "The private sector offers BTG the best chance for further growth and success, provided that the process for privatisation can ensure that BTG's reputation for independence, impartiality and integrity and the 'critical mass' of corporate know-how is preserved."

About 80 per cent of BTG's income was from overseas, an increase of 10 per cent on last year, with the US the largest single source. The launch of BTG USA was a big strategic development which would enable the company to license BTG's technologies more effectively.

BTG developed its business in Europe, securing its first European technology transfer agreement with Amsterdam University.

Plans for the creation of a joint venture company in India, BTG India, are well advanced and the company also established a representative office in Japan.

British inventive sources received more than £17m, from the company last year – £7.86m in royalty payments to inventors and the rest for investment in new projects.

Audit office uncovers problems at training agency

By Ralph Atkins

LARGE-scale accounting problems on government-funded employment training schemes – including £160m of payments for which no proper records were kept – have been revealed by the National Audit Office (NAO).

Its highly-critical report, published yesterday, which qualified the 1989-90 accounts of the now-defunct Training Agency, is set to intensify concern about possible financial laxity by the new Training and Enterprise Councils (Tecs) which took over many of the agency's responsibilities.

The NAO has already launched a wide-ranging investigation into the financial control of official youth and employment training schemes past and future. Its report is expected to be published in the autumn.

Mr Tony Blair, the opposition Labour party's employment spokesman, said the NAO's decision to qualify the Training Agency's accounts was "a matter for the most grave concern". With 82 Tecs now in place, "it is unlikely that procedures will improve unless firm action is taken".

Many staff from the Training Agency were seconded to Tecs, which are run by private sector managers under contract to the employment department.

Earlier this year, Sir Geoffrey Holland, permanent secretary at the department, wrote to the Tecs urging tighter financial control. Officials yesterday said this illustrated how past weaknesses had not been ignored.

Before being discontinued in November 1990, the Training Agency oversaw training schemes provided by thousands of contractors in the public and private sector.

The £160m of unexplained payments represented more than 10 per cent of the £1.4bn paid in 1989-90 by the agency to training managers for the Employment Training programme and to managing agents for the Youth Training programme

Sir John Bourn, comptroller and auditor general, said: "This does not necessarily mean that this amount had been improperly paid to training providers, who may have undertaken the training but failed to keep adequate records to prove it".

The NAO report also says inaccurate information provided by training managers and managing agents resulted in overpayments of fees and grants amounting to an estimated £22m. In addition up to £8.3m may have been overpaid in allowances to Employment Training trainees.

At the same time the government was unable to explain a £1.5m discrepancy between capital spending by the Training Agency and the recorded increase in the value of its assets.

Department of Employment officials said steps have been taken to improve control of grants and allowances. Managers now had to give positive evidence of trainee attendance. Financial controls have been revised.

Curbs sought on acquisitons by soft-drinks companies

By David Churchill, Leisure Industries Correspondent

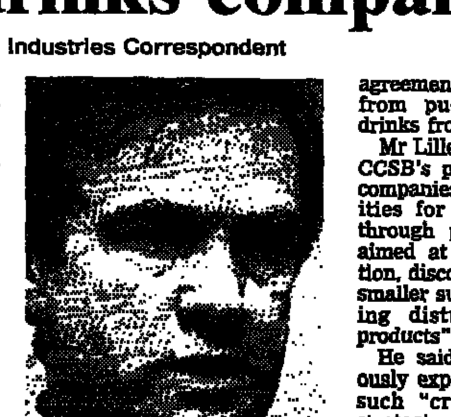
COCA-COLA & Schweppes Beverages (CCSB) will have to seek the government's permission in future before it makes any further acquisitions among companies that arrange for the supply of draught soft drinks in pubs and other outlets.

Mr Peter Lilley, Trade and Industry secretary, called for the move in response to a report from the Monopolies and Mergers Commission (MMC) following a 13-month investigation into the supply of soft drinks in the UK.

This investigation concluded that the "complex monopoly" position enjoyed by CCSB, the joint company owned by Cadbury Schweppes and the US-owned Coca-Cola company, and Britvic, a company owned by brewers Bass, Allied-Lyons and Whitbread, operated commercial practices which could restrict choice and, over time, lead to higher prices.

According to the MMC report, CCSB has a 43 per cent share by value of the £1.3bn-a-year soft-drinks market, with Britvic accounting for 22 per cent. There are about 100 other manufacturers in the market, and 12 have a market share of between 1 per cent and 6 per cent.

The MMC, however, said that the dominance of the market by CCSB and Britvic had detrimental effects only in the supply to leisure outlets and not to the take-home trade through supermarkets and off-licences, where competition was intense.



Lilley: seeking curbs

The main criticisms centred on CCSB. It had imposed exclusive restrictions on certain distributors which, in the commission's view, were anti-competitive and likely to lead to higher prices and reduced choice.

However, both Britvic and the Northern Ireland company, Coca-Cola Bottlers Ulster, also operated exclusive supply agreements preventing buyers from puchasing carbonated drinks from other suppliers.

Mr Lilley said yesterday that CCSB's practice of acquiring companies which provide facilities for soft drinks on tap through pubs and clubs was aimed at "inhibiting distribution, discouraging expansion of smaller suppliers and eliminating distributors' own-label products".

He said that he had previously expressed concern about such "creeping acquisition" strategies and wanted undertakings from CCSB that it would not acquire further companies or assets without first seeking the government's approval via negotiations with the Office of Fair Trading.

Mr Derek Williams, managing director of CCSB, said yesterday that the company would discuss the undertakings with the OFT. There is no time limit for such undertakings but Mr Lilley can enforce them through statutory regulations.

Britvic, which said it did not accept every aspect of the MMC's analysis of the soft-drinks market, also said it would "make its views known to the Department of Trade in due course".

Carbonated Drinks, Cm 1625. HMSO. £24.

BCCI SHUTDOWN

Regulators look at companies linked to Pharaon

By Nikki Tait in New York

INSURANCE regulators in Georgia said yesterday that they are examining companies based in the state and associated with Mr Ghaith Pharaon, one of the key figures in the Bank of Commerce and Credit International (BCCI) scandal.

On Wednesday, the California Insurance Department issued a "cease and desist" order against Tri-Star Insurance Company, prohibiting it from writing new or renewal business. The regulators said that, through a chain of companies, the loss-making Tri-Star was ultimately controlled by Mr Pharaon. They expressed concern "about the potential for assets to be transferred" to Tri-Star parent or other subsidiaries.

Tri-Star's immediate parent company was American Specialty Insurance Company (ASIC), based in Georgia - where Mr Pharaon, a Harvard-trained, Saudi Arabian businessman, had a sizeable estate. This company was also said, by the Californian regulators, to have financial problems.

The Georgia Insurance Department said that it had already begun an examination of ASIC, together with two other Pharaon-related insurers based in the state, American Southern and American Safety.

However, it noted that ASIC, like Tri-Star, had already ceasing writing business, making the value of a "cease and desist" order questionable. Tri-Star itself said on Wednesday that the order would no practical effect. All the insurance companies involved are relatively modest in size.

● The governor of Pakistan's central bank denied that Pakistan gave the collapsed Bank of Credit and Commerce International (BCCI) special favours in return for urgently needed finance.

BCCI lent funds to bolster Pakistan's strained reserves several times in the last decade, but so did other foreign banks, governor Imtiaz Ahmed Hanfi said in an interview.

He rejected a report in the Financial Times that BCCI won favours for itself and important clients in return for the loans.

BRITAIN IN BRIEF

Gas 'leaked' on North Sea platform

An inquiry by Shell, the UK-Dutch oil company, into an explosion on its North Sea Fulmar Alpha platform last Wednesday, has found that a small quantity of gas leaked into seawater used in the rig's accommodation block and probably caused the blast.

The explosion injured three workers on the rig and occurred only eight minutes after the company had given the all-clear following a previous gas alert. Shell said that the gas had leaked into seawater used for facilities in the accommodation unit of the platform – such as toilets – from a connection with a seawater system used for gas cooling.

CBI warns of fraud attempt

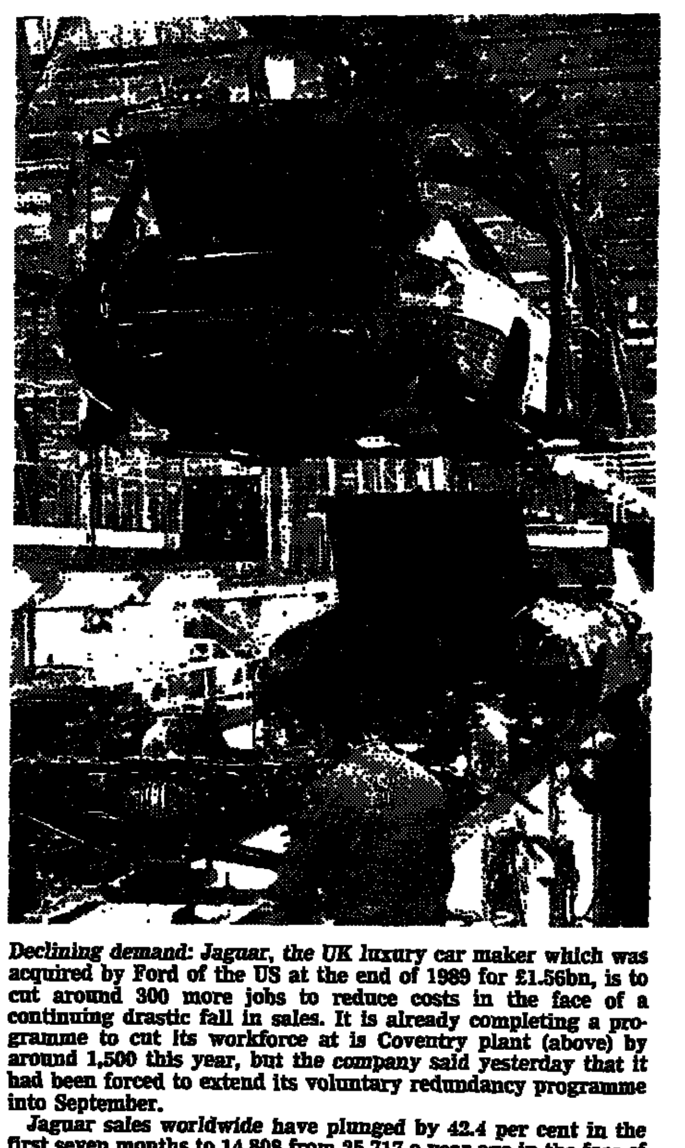
The Confederation of British Industry has warned of a fraud being attempted on British businesses by a number of Nigerians. Companies are promised a cut of a multi-million pound lump sum supposedly transferred illegally out of Nigeria, in return for their bank account numbers and blank copies of their letterheads and signed invoices. At least six Nigerian individuals are circulating letters detailing similar offers. The information is then used to debit the bank accounts of any companies which respond.

Labour plans CSO review

An incoming Labour administration would review the professional qualifications of the new director of the government's Central Statistical Office (CSO), who is due to be appointed over the next few months. Labour has made clear that it would consider sacking the new incumbent, if it felt he or she lacked the credentials in statistics field to head the organisation. The development marks a substantial rise in the political sabre-rattling concerning top civil-service appointments. It reflects the nearness of the general election, which must be held by mid-1992.

Training funds 'are insufficient'

British industry is still failing to provide sufficient and effective training and development programmes for its staff, according to a survey. While 97 per cent of companies believed management training and development to be essential, only half had a published policy for its provision. Over 80 per cent offered less than seven days a year for each manager, and 30 per cent offered none at all.



Declining demand: Jaguar, the UK luxury car maker which was acquired by Ford of the US at the end of 1989 for £1.56bn, is to cut around 300 more jobs to reduce costs in the face of a continuing drastic fall in sales. It is already completing a programme to cut its workforce at is Coventry plant (above) by around 1,500 this year, but the company said yesterday that it had been forced to extend its voluntary redundancy programme into September.

Jaguar sales worldwide have plunged by 42.4 per cent in the first seven months to 14,808 from 25,717 a year ago in the face of a collapse in demand in its two most important markets, the US and UK. Output in the same period has been cut by 42 per cent to 15,062 from 26,066 a year ago.

DTI criticised on boat report

The Department of Transport came under a barrage of criticism with the publication of the long-awaited report into the sinking of the Marchioness cruise boat on the River Thames with the loss of 51 lives two years ago.

The Labour party demanded a full public inquiry, in a call shared by Mr Simon Hughes, Liberal Democrat MP for Southwark and Bermondsey, which borders the River Thames where the vessel sank. The delay in making the report public, a year after it was first produced, also came under attack.

Attempts to prevent the collision did not go far enough, and the will to improve safety conditions has only come after serious accidents have occurred, said the Marine Accident Investigation Branch.

Bovis may lead terminal project

Bovis, the construction division of Peninsular & Oriental Steam Navigation (P&O), has emerged as the front runner to manage the construction of a £1bn fifth terminal at Heathrow Airport, London, if BAA, formerly the British Airports Authority, decides to go ahead with the project.

A final decision whether to proceed will depend on whether the Civil Aviation Authority insists on its proposal that annual increases in London airport charges for five years from next April should be restricted to 8 points below general annual inflation as measured by the Retail Prices Index.

Radio fails to raise cash

First National Radio, the consortium which won the licence to run the UK's first commercial national radio station with a bid much higher than rival offers, has failed to meet the deadline for raising the £16m to launch the station.

Brokers fined for breaches

First Futures Brokers, one of the largest futures firms in the UK which acts for retail investors, has been fined £55,000 over a series of breaches of regulatory rules. The firm, which was also ordered by the Securities and Futures Authority to pay £20,000 costs, admitted to issuing an advertisement which gave a misleading impression of its past performance, and to failing to keep proper dealing records for overseas clients.

Baker defends transfer delay

Mr Kenneth Baker, the home secretary, defended the delay in transfering high-risk Category A prisoners from Brixton to the new Belmarsh prison in south London, arguing that security at the new facility had yet to be thoroughly tested. In his reply to a highly critical letter from Mr Roy Hattersley, Labour's deputy leader, Mr Baker admitted that only two men had been transferred from the prison since he told parliament on July 8 that other prisoners awaiting trial on terrorist charges should be moved immediately.

هكذا من الاعمل

The heavy tread of the Treuhandanstalt

David Goodhart opens a three-part study of the Berlin-based bureaucracy engaged in selling corporate east Germany

The Treuhandanstalt, the German privatisation agency, still has a pleasantly disorganised air more than one year after it was given the daunting task of selling off corporate east Germany.

The corridors echo with gossip about the current "turf-battles" as the different departments and sub-departments test the borders of their little empires.

Work is duplicated, communication is often poor, and there are enormous differences between departments in the quality of personnel and the way they conduct business.

Does this mean that the Germans are again defying the experts on national character and proving to be bad bureaucrats? Defenders of the Treuhand argue that such complaints are a feature of all bureaucracies. The Treuhand, which likes to call itself the world's largest holding company, has sprung into existence in record time and is merely suffering more acutely than most.

From a staff of 170 last August the organisation now has more than 3,000 on the pay-roll, nearly half of whom work in the 15 regional offices scattered throughout the former East Germany. It has changed its head office, its structure, and its chief executive, three times in one year.

Senior officials spend less of their time devising strategy than worrying over the next day's newspaper headlines

Despite that, and despite the widely publicised problems associated with doing business in east Germany, the Treuhand has already sold 3,000 companies out of an original total of 8,000. (The current total is more like 10,000 following the break-up of many oversized east German enterprises).

Notwithstanding complaints from Treuhand insiders that the sales figure has been inflated by double-counting, that sales have been concentrated in the building and services sector, and that many companies have been sold at what is euphemistically called "a negative sale price", it is not a bad record.

And veterans from last summer say the internal organisation is unrecognisably better. Indeed some complain that life has become dull and orderly. Mr Georg Müsing, on loan from Price Waterhouse, says: "You can now usually find the person you need. Last year the person either did not exist or had just been moved to do something else."

But independent-minded insiders, including Mr Hero Brahms, the vice-president, believe that while the internal organisation may now function the Treuhand has not yet learned to deal properly with the outside world – its potential customers.

It has, in other words, acquired the all too familiar bureaucratic habit of placing means before ends. Organisational self-obsession has been compounded by the perhaps inevitable politicisation of the Treuhand. Senior officials spend little time thinking about privatisation strategies and a great deal worrying about tomorrow's newspaper headlines.

In the Luftwaffe's old HQ (left) Mrs Birgit Breuel (right) oversees an economic revolution

The Treuhand is already divided into departments responsible for different industrial sectors and establishing those departments as wholly independent mini-Treuhands, as some suggest, would merely duplicate effort. But with help from the government in Bonn the organisation could be relieved of some of the extra responsibilities now being heaped upon it.

Throughout July, for example, the Treuhand's leaders were submerged in a heated dispute about how much responsibility the organisation should have for the "employment companies" set up to employ people that its companies have made redundant. The fate of the east German unemployed should be a matter for the Labour Ministry in Bonn but it remained silent as the trade unions and the Länder governments forced the Treuhand to take a nominal stake in the new companies.

Mrs Birgit Breuel, the president, is a competent leader but she wastes too much time doing petty things like overseeing the Treuhand's fortnightly internal information brochure and she is remote from the business of selling companies or restructuring them (still given too low a priority in the view of many critics).

Recently, she talked about the new plan to promote "twinning" between west and east German companies. The idea was immediately knocked down by a senior director, Mr Ken Paulin, who said it would give the west Germans unfair informational advantages. "They should either buy or keep out" is his message.

So, how could the Treuhand improve its effectiveness as a privatisation agency? Except for the small number of highly desirable companies which sell themselves, privatisation is about marketing.

The Treuhand needs a central marketing function, with a sub-section for non-Germans, and some organisational changes to make it more investor-friendly.

"At the moment we just sit here and expect people to come to us. We should be developing privatisation packages to take to investors," says one senior official. There is an investor relations department at the Treuhand but most marketing is done in a haphazard way at sub-departmental level. Mr Müsing, who is in charge of the railway carriage industry, simply rang every large producer in the world to see if they were interested. Few of his colleagues show such initiative.

There are, these days, fewer reports of offers for companies getting lost in the system. But life would be made easier for investors if the number of negotiating partners was kept to a minimum.

Currently, for example, property sales are handled by at least five different authorities. And companies are often bounced between regional offices and the HQ because of demarcation disputes.

The Treuhand genuinely wants more foreign investors (less than 4 per cent of buyers to date) but has done little to smooth their way, especially those without prior experience of Germany.

Also by stressing that it wants only long-term investors ready to invest lavishly with little prospect of immediate returns it is effectively excluding many companies from the Anglo-Saxon economies whose short-termism might be a useful tonic.

In its early days the Treuhand lacked valuation expertise and was rubber stamping too many deals that had been done behind its back between west German companies and east German bosses. "It was like the wild west last year. We were signing deals from morning till night," says Mr Müsing.

Many of those deals were of dubious legality and had to be undone. Economic criminality of all kinds is still rife in east Germany, not surprising when considering how many billions of D-marks are passing through such inexperienced hands, and the Treuhand itself is often a victim of the con-men.

In recent months, the Treuhand has at least become a more professional negotiator and it is readier to use consultants and investment banks.

Economic criminality is still rife in the east as billions of marks pass through inexperienced hands

But its valuation rules, privatisation priorities and negotiating timetables need to be more transparent and consistent to avoid the suspicion of arbitrary behaviour.

That is easier said than done. The valuation of east German companies is a haphazard business: accountants from the same concern differed in one instance to the tune of DM50m (£17m). And in the uncertain economic circumstances of east Germany, with enormous variations between companies on offer, flexibility on price and indemnities (for old debts and environmental damage) is vital.

It is right, for example, that departments where demand is strong, such as building and hotels, refuse to negotiate until they have got three decent bids, while others give companies away at the slightest flicker of interest.

But it seems odd that some buyers have been forced to write promises on job creation and future investment into the legally binding acquisition contract while others have got away with verbal, non-binding, promises. (The trend is now strongly in the direction of legally binding promises).

The Treuhand also needs to be very clear about its reasons when it does not sell to the highest bidder as, for example, when the desirable pharmaceutical company, Jenapharm, was sold to the west German company Gehe rather than a rival west German company Schering.

A meeting of unequals in the staff canteen

THERE is no risk of forgetting Germany's past when you visit the Treuhandanstalt in east Berlin, the agency grappling with Germany's present. The agency is now housed in Leipziger Strasse 5-7 in the forbidding office-cum-fortress built for the Luftwaffe in 1936 and still the largest office in Berlin. In the same building the German Democratic Republic was called into being in 1949 and there is a Socialist Realist mural along the front wall celebrating the unity of workers, farmers and intellectuals.

In the giant canteen there is, today, only formal unity between east and west Germans, for the Treuhand agency is, inevitably, a microcosm of post-unification divisions. The well-dressed young west Germans, fresh from law studies or business school, with their firm jaws and eyes on the future are models for a mural inspired by Capitalist Realism – confident pioneers of a new world.

They, and their own west German superiors, are the order-givers. The order-taking east Germans, easy to spot in their dowdy clothes, look anxious and powerless hunched over greasy, unhealthy, lunches.

More than half the employees are east Germans. They receive half the salaries of the west Germans, even in the few cases where they do roughly the same jobs. Among the "officer corps", the eight heads of department and 60 directors who report to them, there are only six east Germans.

Most of the east Germans seem to accept the inevitability of this division of labour, although one complained that east German know-how about the 10,000-plus companies being sold was sometimes overlooked. He said that not a single east German has yet led a team negotiating a company sale.

Another east German said that it was wrong for Mrs Birgit Breuel, the Treuhand boss, to give jobs to relatives. (One of the most senior posts at the organisation is occupied by Mr Wolfgang Müller-Stöfen, the husband of one of Mrs Breuel's cousins.)

The Treuhand remains very unpopular in east Germany and some east Germans who work for it are shunned by their friends, according to one former communist who despite reservations about the transition to capitalism is a loyal member of the press office.

But it is at least now attracting ambitious and able young west Germans; indeed it now seems high chic for young Prussian aristocrats, such as Mr Gottfried von Bismarck, to do a stint at the Treuhand.

Lack of suitable applicants last year meant that some barely competent people were placed in important posts. A senior official in the international department wrote to the most important Japanese businessman in Germany accusing him of failing to grasp certain basic points from an earlier letter. Ignorance of Japanese "loss of face" rules has turned that businessman into an enemy of the Treuhand.

Even some stars of west German business, such as Mr Karl Schirner, head of planning at Daimler-Benz, have crashed at the Treuhand. His former Treuhand colleagues said he could not deal with the politics of the organisation. Mr Schirner, according to one colleague, knew plenty about buying companies but not much about selling them. "He brought in another Daimler man to sell the east German airline Interflug whose previous experience was selling lorries.

Mr Hero Brahms, the vice-president, has promised a senior staff review to weed out the slouches. Some 1,400 managers have already been sacked from Treuhand companies, some because of their political past, but in its own ranks the agency has found and sacked only 12 former members of the Stasi secret police. Another 18 west Germans have been sacked for incompetence. As well as more consistent staff quality the Treuhand needs to create a culture of its own combining the best of a private company and a government department.

TECHNOLOGY

Della Bradshaw meets Jean Irvine, who promotes the employment of women into high-tech jobs

Opportunity is knocking

Jean Irvine, managing director of iT, the information technology division of the Post Office, *may not look much of a zealot.* But when it comes to the role of women in the information technology business she holds forth with vigour.

In the high-tech building in Farnborough, Hampshire, where iT, a separate *business* within the Post Office, has its home, Irvine has much to be proud of. Some 40 per cent of her 1,000 staff are women, nearly double the percentage of women found in most IT departments in the UK.

Wearing her other hat, as the chair of the Women into IT Foundation (Wit), Irvine faces a much less rosy outlook. The percentage of women entering the IT profession is falling dramatically. In 1989 only 13 per cent of students beginning university courses in computer

science were women – compared with 45 per cent the US.

Surprisingly, while female entrants for IT courses have fallen in the UK, the percent*age of women entering courses* in mathematics, chemistry, physics and engineering have all risen since 1978.

Irvine believes the figures are particularly depressing since IT is a relatively new business, without the historically chauvinistic baggage of the grime and oily rag industries. "There is something wrong. The industry is very stereotyped: white, male and middle class," she complains. "It's not good for the industry *to be so distorted."*

How to change this perception of the industry, and bring more women into IT is one of the aims of Wit, set up a year ago by a group of Britain's blue chip companies. Wit, whose members include Allied Dunbar, IBM and the Inland Revenue, was established because of the growing skills shortage in the profession and the fear that demographic factors would exacerbate the problem over the next decade.

The reasons for the decline in the numbers of women looking for IT careers are hard to pin down. Irvine believes one reason is the recent moves by professions such as accountancy and law to attract more women, to the detriment of other fields. But in its investigations Wit has also discovered that many schoolgirls hold negative attitudes to IT.

Irvine points out that the number of girls pursuing careers in computing began to decrease at the same time as microcomputers were introduced in schools, although she *is hesitant about drawing any* correlation between the two. "All we can do is go by anecdotal evidence," *she says,* relating *stories* of boys fighting to use the machines in schools and women teachers leaving *the computer* work up *to* their male colleagues. Prejudices instilled at school are compounded at home, with most home computer games concentrating on war games or other male activities, argues Irvine.

Nevertheless, Irvine believes the *problem for the IT industry* goes deeper. "Somehow IT has got itself an image that it is not useful to society as well as male-dominated," says Irvine. "People are not having contact with IT in a positive way. The big-scale automation programmes in many industries have been a precursor to job losses, which in this climate is negative. We have to make IT something that people find exciting and challenging."

She points out that technology industries lend themselves to the sort of flexible career that many women want – in particular part-time working and career breaks – for two reasons:

● First, IT achievement is not a nine-to-five job. Tasks are project-based, and each project can be split up into a series of discrete parcels of work, which can be done in the office environment or outside it. This is particularly true in the Post Office, where iT supports three distinct services, Royal Mail, Parcelforce and Post Office Counters. Much of the time staff are not in the office at all, but working on sites around the country. "It is not a question of working nine hours a *day. That's not how it's measured,"* says Irvine.

● Second, the availability of computers and telecommunications gives IT-related jobs the technical infrastructure needed to enable people to work from home. Those working at home for Irvine's iT, for example, have electronic mail services which enable them to keep in touch with what is happening back at the office.

Irvine believes that seeing women in high positions in the company, and seeing the predominance of women at open days is one way of encouraging other women to join. To further encourage female applicants, job advertisements say not only that iT is an equal *opportunities employer, but* that it welcomes applicants for part-time employment.

Tony Andrews

Jean Irvine: 'We have to make IT something that people find exciting and challenging'

Eighteen months ago Irvine began a programme of career breaks for both men and women – although no man has yet taken up the offer. This is more than the traditional maternity leave: employees can take up to five years off and then come back into the organisation at an appropriate level, part-time or full-time. "We work it out with each individual: if there is too much rigidity then you lose the flexibility," says Irvine. At the moment 50 staff at Farnborough are working part-time.

The moves have inevitably *had to involve changes in management* style. A new framework has been devised for defining tasks, measuring progress, reviewing work and assuring quality. Perhaps most innovative has been the objectives set out for managers when assessing their performance-related-pay awards. One criteria used for assessment is their ability to manage people operating within a flexible working system. "It's something we think is important to *us as a business as well as a* good employee," says Irvine.

According to Irvine other large companies are looking at similar strategies, particularly those who are well-versed in the flexible use of IT – computer manufacturers, for example. The difficulties arise, however for smaller and medium-sized organisations, which do not have the ample resources of their larger counterparts.

There are some initial steps *that many companies can take* to ensure that they attract women as job applicants such as the appropriate use of tests in interviewing candidates. Irvine believes many aptitude tests *discriminate* against women, and insists that psychometric tests – which look at personality *traits* – and interviews give a better assessment of perspective candidates.

Susan Cuff, a director at Computer People, an IT training, staff and consultancy business, *points out that* modern numerical tests will be biased against those without a strong mathematical training – arts graduates, for example. They will also discriminate against older women returning to work who studied a different type of mathematics when they were at school than that taught today.

Although Wit got off to a flying start last year, the continuing recession has shifted the emphasis away from the *recruitment towards training.* This emphasis on training has pleased Irvine. "The thing is, I would hate to see us go back to the bad old days of pay spirals in the IT industry, with companies stealing other peoples' staff," she says.

With the iT flexible working programme only in place for 18 months, Irvine thinks it is too soon to assess whether it has been successful or not in attracting and retaining staff. "I'll know I've got there when I'm working a four-day week," she concludes.

Atom turns the switches on

AN electrical "switch" that relies on the movement of a single atom has been been demonstrated by scientists at IBM's Almaden Research Centre in San Jose California.

Such switches are the fundamental logic elements of computers, and so the demonstration of such a tiny device opens up enormous possibilities for the miniaturisation of future electronic devices.

The scientists, writing in this week's Nature magazine, *said they had repeatedly* moved a single xenon atom back and forth across the gap between two electrodes, which were spaced the width of just a few atoms apart. A low-temperature tunnelling *microscope* was used to build and operate the atom switch.

Colour printer aims for quality

DESK-TOP publishing systems have allowed companies to produce much of their documentation in house, although for high-quality colour documents they have had to go to outside printers. It is this market for colour reproduction which Ventura, a Xerox subsidiary and *leading player in DTP software,* is aiming for with its latest range of products.

Version 4.0 of Ventura Publisher is designed to work with Windows and support 24-bit colour screen displays. To go with this the company has announced Ventura Scan and Ventura Separator software, which enable PC users to scan in and print separations of colour documents and images, and manipulate the images on screen.

The products will be available later this year. Ventura has also announced ColorPro and PhotoTouch, two products to enable the professional pre-press industry to *process and separate colour* images using a PC.

Japanese PC writes in Braille

JAPANESE electronics manufacturer NEC has developed a Braille PC for the partially sighted which uses a combination of just 20 keys to form the Japanese characters.

To use the machine, the partially-sighted person presses a combination of three keys, and the character appears – writ large – on the screen. At the same time a voice synthesiser "speaks" the character.

If the character is incorrect, pressing the backwards delete key enables the user to correct the word.

The system can be connected into PC networks, for sending and receiving information (the received information can be read aloud). The machine uses the same applications software that has been written for NEC's PC-9800 series of notebook and laptop PCs.

WORTH WATCHING
by Della Bradshaw

Marketing the whole country

THE art of the direct marketing company is to tune as finely as possible its target market, so as to *minimise* the printed information it has to distribute.

To help *them* do that, the direct marketing arm of Infolink, the credit information organisation, and NDL International, of London, the company which gathers information on lifestyle preferences, *have combined to produce* the "Lifestyle Network".

The companies use specially-developed "matchkey" software to extrapolate lifestyle information gathered by NDL, which tends to be limited in *numbers, to come up with* a direct marketing list which covers the whole of the country. The Infolink data is categorised according to demographic factors and to financial ratings.

Cracks in the asphalt theory

CRACKS, ruts and potholes in asphalt roads could be greatly reduced by a new *chemical model developed* at the National Research Council's strategic highway research programme (SHRP), in Washington DC.

The researchers hope the model will shed light on the *inner workings of asphalt* and so enable manufacturers to refine their materials so that they last longer. Using advanced chemical analyses researchers have isolated an amphoteric compound – *one which* is both an acid and a base at the same time. These compounds appear to exert control over the formation of the matrices between the hydrocarbon molecules, say the researchers, in a theory which deviates from the traditionally held views on the formation of asphalt.

The SHRP is now developing tests for manufacturers to help them determine the properties of their asphalt, *and a further series of tests* are being developed for highway agencies.

Smooth ride on rough terrain

TURN up the stereo, adjust the heating-ventilation system and glide away on power steering, *fully automatic* gears and four-wheel steering, writes Roy Hodson.

This is the £34,000 Jones PanaScopic rough terrain telescopic handler. The PanaScopic has a top speed of 24 miles an hour and can shift three tonnes using a boom with an eight-metre stretch.

The parent company, the GCM 600 Group, of Letchworth *in* Hertfordshire, asked a freelance British designer David Krayem for a new a handling machine that would be a pleasure to work with.

Krayem rethought the whole chassis arrangement, *abandoning the traditional* layout which squeezes a narrow cab on to the left side of the chassis, with the boom on the right side where it impedes the driver's vision. His placed a comfortable cab *with all-round* visibility right in the middle. The boom goes over the operator's head.

At the European construction machine show Intermat this summer Krayem knew he had succeeded when a French driver cried "magnifique" and blew a kiss at it.

Contacts: IBM: US, 408 927 1282. Ventura: US, 619 673 0172. UK, 0753 550022. NEC: Japan, 3 3454 1111. Infolink: UK, 081 686 7777. NDL: UK, 071 738 0522. National Research Council: US, 202 334 200. GCM 600 Group: UK, 0462 682380.

ACCOUNTANCY APPOINTMENTS

ACCOUNTANCY COLUMN

BCCI collapse: auditing at the crossroads

By Hugh Aldous and Hossein Hamedani

THE closure of BCCI, with its long history of suspected fraud, has dented the image of the audit profession and further confused the public's perception of a "true and fair" opinion given by the auditor.

In our opinion, some of the comments made in the heat of the moment have been unhelpful, notably the statement from Mr Ian Brindle, senior partner of Price Waterhouse and a former chairman of the Auditing Practices Committee, that "you can not qualify a bank".

This detracts from the credibility of the auditor and the value of audit. Does it follow that on the same grounds you cannot qualify building societies, insurance companies and other financial institutions because it may result in a run on those institutions?

Price Waterhouse is also reported as saying that the auditor's duty was to shareholders, not depositors, whose interests were watched over by the Bank of England. BCCI's majority shareholders knew about the problems. We do not think that there was less need to detail these in the published accounts, simply because BCCI's shareholders already knew about them.

Audit reports are a public means of communicating with the shareholders and the private reports to the shareholder should not affect an auditor's opinion on the expression of a true and fair view. Surely the privilege of limited liability afforded to the shareholder must carry the cost of making proper disclosures to the public?

It is worth examining what the profession has done so far in relation to banks and fraud.

The Auditing Guideline on banks is detailed in 191 paragraphs. Due to the nature of the cash environment in which banks operate, the importance of strong internal controls, systems and documentation is emphasised.

"The Auditing Guideline on fraud and other irregularities states: "The responsibility for the prevention and detection of fraud, other irregularities or errors rests with management.

"Because of characteristics of fraud and other irregularities, particularly those involving forgery and collusion, a proper audit may not detect a material fraud or irregularity. Therefore subsequent discovery of a material misstatement is not necessarily evidence of inadequate audit.

> **The private reports to the shareholder should not affect an opinion on the expression of a true and fair view**

"The auditor's responsibility is to plan, perform and evaluate his audit work so as to have a reasonable expectation of detecting material misstatements in the accounts, whether they are caused by fraud, other irregularities or errors.

"In carrying out an audit, the auditor needs to be aware that in certain circumstances, the risk of material misstatement occurring, as a result of fraud, other irregularities and errors, is greater."

The recent press reports on circumstances surrounding the collapse of BCCI show all the signs of a major problem (most of which are envisaged in the Auditing Guideline):

- Reported or anecdotal evidence of wrong-doing, tax fraud, drugs, money laundering cases and bribery, some of which went back to 1976 but most of which had not resulted in convictions until recently.
- Domineering chief executive.
- Incompetent management.
- Suspect or deceitful accounting.
- Ageing computer system.
- Lax internal control.
- Lack of documentation for some loans.
- Complex structure and a large number of related party transactions.
- Liquidity problems.

The variants of these signs are prevalent in almost all known frauds. In the case of BCCI they led to fraud and faked loans on a massive scale, failure to record deposits, unsecured unrecoverable loans, high exposure to single risks, and unrecorded treasury losses which were disguised by being booked into customer accounts.

When carrying out his audit, the auditor should neither assume that management is dishonest nor unquestioned honesty. However, in a cash environment with high volumes of transactions, it must be reasonable to assume that in the absence of proper controls, the risk of frauds, irregularities and errors would be high.

If circumstances are found indicating the possibility of fraud or irregularity the Auditing Guideline says: "Where the auditor's suspicions are aroused, he should perform such additional tests as is required in order to quantify the amount of fraud, other irregularity or error, analysing and projecting the results of the tests as appropriate.

"If there is an uncertainty which prevents the auditor from forming an opinion, he should qualify his audit report accordingly.

"When the auditor suspects that a fraud or irregularity has or may have occurred, he should reconsider the reliability of any audit evidence which he may have obtained on that or any other matter."

The argument that you cannot qualify a bank does not, therefore, hold – although the pressure not to qualify must be enormous. The auditor can do better than that. He can refuse to give an opinion, and force the authorities to close down the bank. Alternatively it could be argued that where the auditor conducts his work in a suspect environment, he should do all the tests possible to find the evidence to support his opinion or put all the pressures he can on management to own up to their responsibilities and reveal any fraud or irregularities.

> **We are moving close to needing the independence of a separate regulatory authority for the UK's auditors**

This has been done before. In the small case of Norton Warburg it took three days to conclude that there was fraud (before preparing the hard evidence) and the management were made to realise that they could not continue and owned up to what had happened.

Recent events have highlighted the vagueness of the true and fair concept and demonstrate the flexibility in interpretation of the term which makes it almost meaningless to the confused depositors of BCCI. No doubt the auditor and the regulator cannot be expected to prevent fraud, but better preventative measures are feasible.

In our opinion, we are moving close to needing the independence of a separate regulatory authority for the UK's auditors: an audit commission for public, and certain other types of companies, perhaps. In addition, we need:

- Better audit reports which clarify the nature of audit and narrow the expectation gap.
- A requirement for the auditor to state in the audit report whether the management has set up the necessary controls and systems to prevent frauds.
- Regulators, non-executive directors and audit committees should put audit quality on the top of their list when selecting auditors. The discounts offered to secure audit appointments – which did not apply in the case of BCCI – may not be in the best interests of investors, employees, creditors or customers.
- The responsibility of auditors of institutions that handle money should be clarified. Can the auditor sign a clean audit report on the basis of reporting all the problems to the management, shareholders, and regulators?

As the BCCI affair has shown, the costs of current practices are too high and something needs to be done.

Hugh Aldous is senior partner of Robson Rhodes. Hossein Hamedani is a partner in the same firm.

ACCOUNTANCY APPOINTMENTS

FINANCIAL PLANNING MANAGER
International Investment Management Group

c£38,000 + Car + Generous Benefits Package

City

Our client is a major international insurance and financial services group with a significant presence in the UK.

They are consolidating their international asset management operations into a single business unit, which will have an initial portfolio of £13 billion, and are now actively seeking an ambitious accountant, preferably with experience of investment performance measurement to be Financial Planning Manager.

Reporting directly to Financial Controller and responsible for corporate budgeting and planning, management and statutory reporting and the reporting and analysis of investment performance, you will be expected to develop practical and efficient routines and build a small high-calibre team around you in order to achieve firm control over the company's financial performance.

You will be a qualified accountant, most *likely aged 28-35, with the personality* and potential for further career development within the Group.

For a confidential discussion please call **Brian Cogent** or **Neil Wax** on **071-387 5400** (out of hours **0923 720284**) or write to Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN, quoting Ref: 00622.

FINANCIAL SELECTION SERVICES

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TEL: 071-387 5400. FAX: 071-388 0857

Morgan & Banks

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Financial Accounting Manager

Financial Accountant

LONDON

The company is a subsidiary of a highly profitable international organisation with over 3,000 employees worldwide. With a range of quality products, the company is focussed on achieving maximum distribution through a proven marketing approach. London is the focus of their European operations and there is a requirement for three additional Chartered Accountants to join the European Finance Department.

The purpose of the **Tax Manager** position is to set up an *in-house tax function in order to control* and manage all of the European tax matters. There is considerable scope to get involved with all European tax planning issues.

As part of the European finance team, the position of **Financial Accountant** will be responsible for the *financial accounts for* a portfolio of the European subsidiaries. There are opportunities to be involved in setting up systems and reviewing existing accounting procedures.

This position is suitable for a newly qualified Chartered Accountant who is looking for their first move into a commercial organisation.

The remuneration packages offered are competitive and are dependent on the age and experience of the individual.

AMBITIOUS YOUNG CHARTERED ACCOUNTANTS

The successful candidate will be a Chartered Accountant with at least two years UK corporate tax experience.

The position of **Financial Accounting Manager** has overall responsibility for the control of financial accounting for the Scandinavian and German companies. This includes periodic financial reporting, completion of statutory accounts as well as involvement in systems enhancement.

Ideally, candidates will be Chartered Accountants with at least eighteen months post-qualification experience.

Additionally, there are opportunities to travel within Europe and there is considerable scope for career development within the group. Candidates should be highly motivated, independent, enthusiastic, with flexible and outgoing personalities.

For further information in strict confidence, please contact Raj Munde on 071-240 1040, or alternatively, *please forward your résumé to our London* office, quoting the appropriate position title, to Morgan & Banks PLC, 114 St. Martin's Lane, London WC2N 4AZ. Fax: 071-240 1052.

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Circa £35K + Car + Benefits Brighton

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We are seeking a qualified accountant with at least seven years commercial experience, including management of a computerised office and involvement in business policy decisions, ideally gained within the vehicle leasing or similar service industry . Excellent communication and *interpersonal skills are of paramount importance together with the* necessary business acumen and commercial ability to justify further progression within the business.

The remuneration package includes substantial benefits and *relocation assistance if appropriate.*

Please forward your CV, with salary details, to David Beatty, Director of Personnel, Southern House, Yeoman Road, Worthing, West Sussex BN13 3NX. Please quote ref: F/T 2.

Southern Water plc

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

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FINANCIAL TIMES
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TSB BANK

BIRMINGHAM

Head of Accounting Operations
Birmingham
c£40,000 + Car + Banking Benefits

TSB Retail Banking and Insurance, the core division of TSB Group, is relocating its head office to Birmingham by early 1992. The division generates profits in excess of £350 million pa and has total advances of more than *£13 billion.*

The division's finance strategy includes substantial investment in the development of systems that will take it into the 21st century as a leader in its field.

As a result, the Director of Accounting now requires a senior financial manager whose key responsibility will be the generation of accurate and timely accounting and financial information to provide the basis for commercial decision making.

You will be a resilient, achievement orientated, qualified accountant of proven ability, with relevant experience gained in a high volume, multi-site operation, capable of managing a 60 strong department.

The Bank's excellent package includes competitive salary, subsidised mortgage, profit sharing scheme, non-contributory pension, 6 weeks' holiday and a full relocation package where necessary.

Applicants should write enclosing curriculum vitae and details of current package to **Oliver Howl BSc ACA**, at **Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST,** quoting Reference **OH123.**

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Managing a team of twenty six full-time staff, you will supervise the accounts payable section, preparation of budgets, together with the compilation of monthly financial reports ensuring that all records are in accordance with both statutory and Joint Venture Accounting agreements. Liaising closely with the London Accounting Group you will play a vital role in the development and implementation of corporate practices and procedures.

It is essential to have a sound appreciation and enthusiasm for the benefits Information Systems bring to the company's activities, as you will be responsible for the Information Systems Group which supports all IS requirements in the Aberdeen Division. Hamilton Brothers commitment to IS is reflected in the current development and implementation of a new company-wide financial system.

A graduate, with a UK professional accountancy qualification, probably aged late thirties to early forties, you will have at least five years' recent senior experience with an operating company. First class managerial and communication skills are a *pre-requisite* to be successful in this high profile role.

To discuss this opportunity please telephone David Jones or Barbara Digby on Reading (0734) 566114 during office hours. In the evenings and weekends contact David Jones on Reading (0734) 482370.

Alternatively, write to them, in confidence, at Digby Jay Jones, The Atrium Court, Apex Plaza, Reading, Berkshire RG1 1AX. Fax: (0734) 560380.

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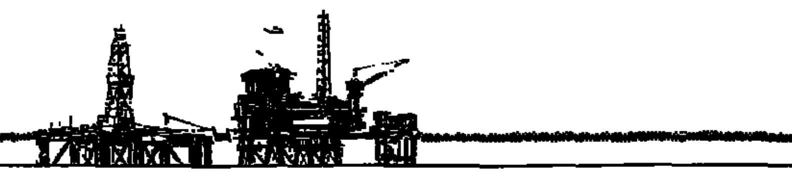

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The group is large, *international* and highly successful; the division is a profitable cornerstone which has earned a place amongst the market leaders in its own specialist field. The operation, with two manufacturing sites and a multi-site distribution organisation, is now going through a major change in its approach to its core business, with the stated aim of becoming the UK's leading and most profitable supplier of this particular range of stationery products. A new Finance Director will now be appointed and we are looking for a professional to flourish in what is essentially a commercial role, with close involvement in all aspects of the business from manufacture to sales. Accurate management information is already available, and financial policies & procedures are reasonably sophisticated, but the appointee will play a key role in the next stage of the company's business development. Candidates should be energetic, business-oriented accountants, able to demonstrate a proven track record in the finance field based *upon a solid qualification. A manufacturing industry background is essential, experience in* distribution will be particularly valuable, but above all we are looking for the ability to lead a professional team and to provide board colleagues with a reasoned financial assessment of future commercial alternatives. Please send full career details, quoting reference WE 1065, to Robin Davies, Ward Executive Limited, Academy House, 26-28 Sackville Street, London W1X 2QL. Tel: 071-439 4581.

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Working as part of a small and highly professional team, varied and stimulating tasks will comprise the preparation of the group's management and statutory accounts and budgets together with appraising accounting implications of major business issues and changes in legislation.

Salary will be negotiable according to age and experience.

***Please write, enclosing a full career/salary* history and daytime telephone number, to David Tod BSc FCA quoting reference D/992/F.**

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Finance Director

The recent growth of this privately-owned manufacturer of food products has been impressive. There has been significant investment in *manufacturing* technology and a *further* increase in turnover from the current level of £16m is anticipated.

Reporting to the Managing Director, you will have responsibility for all aspects of financial management and will be expected to contribute fully to the commercial management of the business. Key tasks will include a review of the financial and *management* information needs of the company and the development of appropriate costing systems.

With at least five years' post-qualifying experience, *you will have managed a finance function in a* manufacturing environment, have well-developed commercial skills and be comfortable operating at both the strategic level and in the detail necessary to *control product profitability.*

Please send full personal and career details, including current remuneration level and daytime *telephone number, in confidence to* Peter Jones, Coopers & Lybrand Deloitte Executive Resourcing Ltd, Abacus Court, 6 Minshull Street, Manchester M1 3ED, quoting reference P217 on both envelope and letter.

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THE POSITION

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QUALIFICATIONS

- Graduate, aged 25-35, with demonstrable knowledge of Food industry or direct experience of stock-market analysis.
- Well developed analytical skills. Highly numerate with the confidence to generate opinions.
- Strong communicator stimulated by marketing the product. Comfortable with direct client relationships.

Please reply in writing, enclosing full cv,
Reference K3278
54 Jermyn Street, London, SW1Y 6LX

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EXECUTIVE SELECTION

Dealing Room Manager

1-3 year contract Budapest

One of the leading financial institutions in Hungary, with newly reorganised treasury operations, seeks to appoint an experienced Dealing Room Manager to be responsible for their money market operations.

Reporting to the Treasury Manager, you will manage a team of 15 dealers and assistants and be involved with a wide range of issues, ranging from risk assessment and the setting of dealing limits, to involvement with information systems and the training and development of staff.

You will have a minimum of 5 years dealing experience within a bank, and ideally have held a managerial position. Fluency in two of the following languages — English, German or Hungarian would be of benefit. Personal attributes will include a 'shirt-sleeves' approach and the ability to motivate and lead a small team.

The remuneration package is flexible and will include housing.

Interested candidates should write (in English or German), enclosing a full CV and salary details to:
Executive Selection Department
Price Waterhouse
Alagut utca 5
H-1013 Budapest
Hungary.

FINANCIAL ANALYST

Eastern Europe

A leading investment bank, actively trading worldwide, seeks an experienced Financial Analyst for their Investment Banking Division.

Applicants should be educated to Master's level, preferably with a finance/economics bias, and should have relevant banking experience in Hungary. A high energy level, the ability to cope with the pressures of several assignments at once, and proven analytical and interpersonal skills are essential prerequisites.

The successful applicant will work in support of the team in developing and executing specific business in Hungary. This would include Mergers and Acquisitions; IPO's for former state owned corporations and the emerging private sector; and the co-ordination and management of public offerings and private placements of debt and equity securities. The successful candidate's responsibilities will include significant direct involvement in business development as well as assisting in the execution of relevant transactions. Initially, the candidate will undergo thorough training in Capital Markets business to ensure familiarity with the Firm's activities. Applicants must be fluent in Hungarian and English, with some knowledge of one other European Language. Applicants should possess a sound understanding of Hungarian business culture and philosophy; a good knowledge of Hungarian accounting and finance practices and familiarity with the relevant newspapers/magazines and other primary sources of information.

The position offers excellent career prospects to the right applicant, generous compensation and comprehensive package.

Applicants possessing the above qualifications and skills should write in confidence to: TL Roberts, Director, Ref: 398, Associates in Advertising, 5 St John's Lane, London EC1M 4BH. Please state in your covering letter any company to which your application may not be sent.

ASSOCIATES IN ADVERTISING

Investment Management

Scandinavian Sales

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A senior institutional salesperson is sought to bring additional strength to the penetration of Scandinavian markets. He or she will be responsible for selling a range of investment products and services to institutional clients, large and small. Emphasis will fall on building a profitable portfolio of clients. Although based in London, there will be the need for frequent travel to Scandinavia.

The ideal candidate will be aged 30 to 35 years, with a demonstrable record of at least 5 years' successful selling to institutional clients. This experience may have been gained within a stockbroking, fund management or corporate finance environment. A high level of fluency in written and spoken English will be essential, but this should be in addition to complete fluency in one or more Scandinavian languages.

The remuneration package will comprise an excellent base salary, high performance-related bonus, company car, mortgage subsidy, non-contributory pension and private health cover. Career development opportunities within this successful banking group are excellent.

Interested candidates should send a detailed CV to Maggie Henderson-Tew, by post or fax, at the address below, quoting reference number 073J.

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MANAGEMENT SELECTION

32 Old Burlington Street, London W1X 1LB Fax: 071-287 2821. Telephone: 071-287 2820.
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Joining a small, but highly regarded and well supported team, trading Japanese bonds, JGB's, Euroyen and derivatives, you'll need a good degree and at least a 3 year proven track record of selling bonds and derivatives. Ideally this should have included Japanese bonds, but excellent Eurobond sales people are also invited to apply.

Euroyen Dealer (Ref 397b)

This is an excellent opportunity to join a major player in the Euroyen market place. We are looking for an experienced dealer with at least two years' market-making exposure, ideally including Euroyen, to take a very visible role. You will need a good education and the clear potential to progress.

Eurobond Trader (Ref 397c)

An opportunity for an experienced trader with two years' market-making exposure to Eurobonds, multicurrency bonds or Ecu's. Numeracy and a good educational background are also essential qualifications.

These positions will be based in the city, and the company is moving to a prestigious new location in Cannon Street next year.

We are an organisation that rewards real talent. Salaries and benefits are attractive, with a twice-yearly performance-related bonus, subsidised mortgage, pension and health care scheme. Our business strategy also means that we can offer long-term security and career development prospects.

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Please quote the appropriate reference on the envelope.

National Bank of Bahrain

بـنـك البحريـن الوطـني

National Bank of Bahrain is one of the Gulf Region's leading financial institutions with Assets of U.S.$ 1.8 billion, is enjoying continued growth of quality earnings with Return on Assets of 1.67% for the first six months of 1991. We are currently seeking two innovative senior executives to contribute to further development of the Bank.

AGM INTERNATIONAL BANKING

This position is at the Assistant General Manager level reporting to the General Manager & CEO. It has line responsibility for substantially increasing the profit contribution derived from international markets through greater diversification of products and customers. Major responsibilities include management of the Bank's Treasury, Investment Banking, International Lending, Correspondent Banking, Foreign Branches, and liaison with Affiliates. High priorities include instituting a more sophisticated range of Treasury and Investment Banking services and expansion of the Bank's multinational customer base.

AGM OPERATIONS/ADMIN.

This position is at the Assistant General Manager level reporting to the Deputy General Manager. It is responsible for improving both the quality and productivity of major staff support areas of the Bank, which include Data Processing, Branch Operations, Management & Financial Accounting, Human Resource Development, Treasury Operations and General Services. A high priority will be given to automation of branch and back-office functions and development of an in-house training function.

The preferred candidates will have gained wide experience in all facets of the respective areas above, as well as being familiar with the Middle East environment. Candidates must be MBA graduates from universities in Europe or the U.S.A. A fully competitive, tax free compensation package is provided to include housing, annual home leave, educational and other benefits.

Qualified candidates should forward, via mail or fax, their C.V., including salary history, to the Senior Manager, Corporate Planning, at the address below.

National Bank of Bahrain BSC
PO Box 106 Manama State of Bahrain
Telephone: 257790 Fax: 211307

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Reporting to the General Manager and working closely with the management team you will be responsible for developing, establishing and running all the relevant systems and procedures for the Bank. Key elements of the job will include settlements, information technology, accounting, planning, budgeting and administration.

Probably aged 35 or over you should have a broad general understanding of international banking operations with a minimum of five years' relevant experience. Ideally you will have already managed a back office in its totality and have experience of planning, implementing and managing appropriate systems. A self-starter, you must have the ability to relate to a wide variety of people and cultures.

Please send full personal and career details, including daytime telephone number and current remuneration level, in confidence, to Torrance Smith, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JB, quoting reference TS853 on both envelope and letter.

Coopers & Lybrand Deloitte — Executive Resourcing

Emerging Markets

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Our client, a major US Investment Bank, is looking to recruit an associate to work within the Eastern European Group. The successful candidate will be responsible for advising Eastern European Governments and public and private enterprises in the sale of their assets and representing foreign investors in their acquisitions and other business interests within Eastern Europe.

Ideally individuals will be fluent in at least one European language, in addition to English, and will have a sound understanding of business in Eastern Europe combined with practical experience of leveraged buyouts, mergers and acquisitions, originating and structuring deals utilising debt and equity instruments and cross selling Capital Markets products.

Certainly a graduate, candidates will also have a relevant postgraduate qualification, ideally an MBA. The successful applicant will possess the necessary personal strengths to direct negotiations between parties, conduct valuations and structure transactions.

Interested applicants should contact Kate Griffiths on 071-831 2000, or write to her enclosing a full curriculum vitae at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH.

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International Asset Management

Marketing Assistant

City c£25,000+Package

Our client is a prestigious and highly-rated European bank. Its substantial global asset management group is experiencing growth in business and is establishing a strong reputation in this competitive market.

An additional person is needed to join the European marketing team. This is an excellent opportunity to join a rapidly expanding area of an institution which has the balance sheet strength to realise its ambitions.

The Marketing Assistant will work in a close-knit, experienced team and will be responsible for a broad range of marketing activities; internal and investor communications, including regular newsletters, reports and brochures; production of material for client presentations; advertising and direct mail.

The ideal candidate will be aged 25-30 years, of graduate calibre, with over 3 years' experience of marketing for the financial management and investor communities. Experience of retail products, particularly equities or unit trusts, will be preferred, but all candidates must be experienced in dealing with financial data and markets. Written and organisational skills must be of the highest quality and attention to detail should be rigorous. The ability to work to stringent deadlines is assumed and knowledge of software support will be advantageous. An international focus will be essential as all the markets and products analysed will be non-UK, but all material will be produced in English. Although London-based, some foreign travel will be an essential part of this role. Prospects for promotion are excellent.

The salary package will include a performance-related bonus, mortgage subsidy, generous non-contributory pension, private health cover and interest-free travel loan. The nature of the package will reflect candidates' individual experience.

Interested candidates should send a detailed CV to Maggie Henderson-Tew, by post or fax, to the address below, quoting reference number *074J*.

ST. JAMES ASSOCIATES

MANAGEMENT SELECTION

32 Old Burlington Street, London W1X 1LB Fax: 071-287 2821. Telephone: 071-287 2820.

A GKR Group Company

Far Eastern Fund Manager

Foreign & Colonial enjoys an excellent reputation as one of the oldest investment management houses in the UK with a sound long-term performance record.

As a result of the increase in funds under management and a desire to expand its coverage, the Far Eastern Department wishes to recruit an additional member to join the team. Applicants will be in their early to mid twenties and ideally will have some experience in the stock markets of South East Asia. An ability to generate ideas and to communicate intelligently both orally and in writing is paramount.

The remuneration and benefits package proposed are commensurate with the quality of the individual being sought.

In the first instance, please send a curriculum vitae in confidence to: C.J. B. Faherty, Administration Director, Foreign & Colonial Management Limited, Exchange House, Primrose Street, London EC2A 2NY.

Foreign & Colonial

MAJOR UK FINANCIAL SERVICES GROUP

COMPLIANCE OFFICER

LONDON

£40,000 + Car +Excellent Benefits

With an enviable track record of growth and profitability across a broad range of financial services, this major UK Group is seeking a Compliance Officer to join a small, professional team.

Based in the City the individual will have responsibility for Compliance within specific areas of the Group both in London and other regional offices.

Key responsibilities will include the interpretation of regulatory requirements in addition to the implementation of procedures to both comply and provide for effective monitoring of operations. Advisory work, including drafting documents and updating the Compliance manual will also form part of the brief.

The successful candidate will, ideally, have a professional qualification gained from an accounting or legal background and some five years' experience in a Compliance role within a major financial services group. A thorough knowledge of SFA requirements is essential preferably gained from within the securities industry.

*To discuss this position in greater detail, please contact **Charles Austin on 071 629 4463** (daytime), **0234 262195** (evenings). Alternatively, you can write to him at the address below, enclosing a full CV, quoting reference CA321.*

HARRISON WILLIS

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FINANCIAL TIMES
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Squinter from the corners of darkened rooms

Two of the small, black leatherbound sketchbooks on display in Edmund Fairfax-Lucy's exhibition at Mompesson House, Salisbury, are open at copies of Old Masters. One is Carpaccio's *Dream of St Ursula* in the Accademia in Venice, the other, Vermeer's *Woman with a Pearl Necklace* in Berlin. They are there – presumably – to make a point. Both mark the precise moment in the history of art when rooms become as important as the people within them.

Carpaccio's St Ursula, painted in the 1490s, lies asleep in her bed, her pale face almost lost against the white pillow. She and her diminutive angel – here to announce the command for her to go to Rome which will end in her martyrdom and that of the 11,000 virgins – seems almost incidental in artistic terms. The focus of the picture is the princess's chamber.

Her gilded and canopied bed (blue shoes beside it) and fine crimson armchair, the devotional image with the the holy water stoup, the open book and the hourglass, the symbolic pots of myrtle and carnation in the window, are all meticulously observed. It may seem obvious enough to us, but the artist was the first to articulate that rooms speak of their occupants.

In British painting, that moment is perfectly captured by Arthur Devis's conversation piece *The Duet*. The squire and his wife in rustling silks are almost pushed to one side to make way for the sparsely elegant room and large, fashionable Palladian window revealing the park beyond. A century before, Van Dyck's aristocratic patrons had shown no interest in portraits of anything but themselves. By the time John Singer Sargent, Sir John Lavery and Sir William Nicholson were emulating the bravura and sumptuousness of the master's grand style, there were acres of parquet and Persian carpets and glinting ormolu.

Today, it seems that increasing numbers of occupants of grand – and not so grand – country houses choose to have their homes immortalised in paint without them. Moreover, it is quite often the occupants of such houses, Fairfax-Lucy included, who are doing the immortalisation.

Interior-mania is flourishing as never before. The last two decades have seen a surge in awareness of the historical value of the country house, culminating in the blockbuster *Treasure Houses of Britain* show in Washington in 1985 which glorified Britain's unique contribution to European culture.

All the while, the heritage lobby continued snapping at our ankles to warn us of the fragility of the houses' survival. Threatened country houses became white rhinos rather than white elephants, endangered species that had to be protected. Then came the "lifestyle" magazines, their proliferation in the 80s creating an acute self-consciousness about how we all live: room as reflection of self.

Thankfully, Fairfax-Lucy's rooms are their own masters. Not all are inhabited, and even those that are seem indifferent to the details of the passing generations. Most are in houses that, like his own, Charlecote Park, Warwick, belong to the National Trust, and some are private. The roll-call is impressive – Anthony, Belton, Blickling, Boughton, Castle Coole, Deene Park – and with Petworth, where Turner executed his peerless evocations of house and park, daunting.

Fairfax-Lucy seems to draw his muzzy colours out of the room and on to the canvas or board. I have a sense of him squinting into the gloom of a far corner until he can discern form and tone – it does not matter much what produces it. There are few hard edges and fewer facts than intimations. Tonal range and palette are both limited. Touches of muted colour, representing the soft reflections from old glass and polished wood, and shimmering silver, brass and gilding, are the warp and weft of his pictures.

He writes of responding to a room as if it were vegetables or meat. As he is the first to admit, there is little of the vegetarian here – save the quiet and affecting chair with the red cushion of its title, and the seated girl seen through a doorway. There is far more carnivorous magnificence and opulence. Less of the tranquility of Vermeer than the brio of Van Dyck. The d'Hondecoeter Room at Belton, for instance, its table as if abandoned half way through dessert, is a tour de force of the reflected harmonies of crisp white damask, the blue-green walls, and the array of spectacular Paul Storr silver gilt.

His rooms tend to be either "blue" or "red". A more muted palette of warm grey tones is wonderfully luminous in *Sideboard and Silver*, and less successful if with the Sickert-like muddiness of his interior at Petworth.

This loan exhibition of interiors is the first one-man show of the five exhibitions held under the auspices of the National Trust's Foundation for Art scheme. The Foundation was established in 1986 to enable the Trust to acquire works of art by contemporary artists inspired by its properties, and Fairfax-Lucy has been a regular contributor to its group shows. The Trust is, perhaps controversially, extending its brief of preservation to patronage. Indisputably, the pictures acquired through the Foundation offer a flicker of life to the sad rooms whose occupants have long since gone.

The show continues at the National Trust's fine Queen Anne Mompesson House, The Close, Salisbury, daily (except Thursday and Friday) noon to 5.30pm, until October 31.

The Foundation's mixed show, *Hortus Cambrensis: Decay and Revival in the Gardens of Wales*, including works by Adrian Berg, Dennis Creffield and David Nash, continues at Erddig Hall, Wrexham, until September 1.

Susan Moore

The Illusion

BERKELEY, US

The playwright Corneille (1606-84), as far as the British were concerned, was for decades to be read but not heard. Surely the biggest and happiest surprise of the whole 1989-90 London theatre season was his arrival at the Old Vic as a comic playwright. First *The Liar* (*Le Menteur*) and then *The Illusion* (*L'Illusion comique*)triumphed there. If, like me, you had known of Corneille as a grandly classical tragedian it was a real turnabout to discover that he was also a witty and imaginative comic dramatist, whose comedies could have a British audience wide-eyed and rollicking.

In the US theatre, however, *The Illusion* – the more astonishing play – has already been around for a while. An adaptation by the playwright Tony Kushner was produced for the New York Theatre Workshop in November 1988, was later developed further by the Hartford Stage Company and has recently arrived in California at the Berkeley Repertory Theatre.

The Illusion gives us a virtuoso example of that perennially fascinating form, the play within a play. Pridamant, in search of his lost son Clindor, visits the magician Alcandre – who shows him scenes from Clindor's life. He is enthralled, though sometimes irritated that the theatrical scenes do not always feature his son at all. What he does not perceive until the end is that these scenes are literally theatrical – his son has become an actor, and he has been watching scenes from his repertory.

Shakespeare made more dramatic use of plays within plays, but Corneille's device has more bravura. He handles his different levels like a supreme juggler.

There are some important differences between the British and American versions. Kushner, freely adapting, takes several liberties with the plot to heighten Corneille's ideas. His English text is largely in prose, with occasional passages of rhyming couplets: it is amusing and lively, in spite of a tendency to dot Corneille's Ts and cross his Is. Bolt's translation, by contrast, was in rhyming couplets throughout, as is Corneille. Richard Jones's brilliant staging at the Old Vic production used a wide variety of theatrical forms, becoming a celebration of theatre itself and yet suspending until late in the day the central joke: that Clindor & Co. are acting.

One of the pleasures of the Berkeley staging is that it set *The Illusion* in a period close to Corneille's. It could, mind you, have been closer. Costumes (by Susan Hilferty) were more 18th than 17th century, and one backdrop (by Chris Barreca) evoked Fragonard. Only the stagey Alcandre and over-eager Clindor let down a fine ensemble. Let me single out briefly Charles Dean (a local favourite) as a touchingly deluded Matamore, Emilie Talbot as a vivid, pert Lyse and, above all, the elegant, stylish Isabelle of Domenique Lozano.

Both stagings respond strongly to the drama's elaborate layerings. Sharon Ott's Berkeley staging makes much of Alcandre's magic on the one hand, with a spectacular conjuring trick when he sends his amanuensis out of his world, and yet teases us on the other hand with the patent theatricality of what Clindor's troupe are up to. In either version *The Illusion* remains a masterwork of complex and comic drama.

Alastair Macaulay

EDINBURGH FESTIVAL

Sorochinsky Fair

USHER HALL

In the late 1870s, between bouts of delirium tremens, the alcoholic Musorgsky tried hard to finish both *Khovanshchina* and his Gogol-based comedy *Sorochinsky Fair*, but it was too late. When he died in 1881, the comedy amounted to fragments – substantial ones, but not yet a whole opera. In Tuesday's concert performance, the Kirov Opera made it poignantly clear how sad a loss that was.

Enough of the work can be cobbled together, just about, to make it stageable, and at home in Leningrad the Kirov performs it so. Bringing the production to Edinburgh would have been extravagant, however – as was proved by the empty seats in the Usher Hall. (Even the splendid *Khovanshchina* performances in the Playhouse have attracted no better than goodish houses, something which would have been unthinkable only a few years ago: perhaps the music side of the Edinburgh Festival should be transplanted to London?) Nothing daunted, the Kirov company gave of its best.

Again, Valery Gergiev conducted with enormous sympathy, though the open platform exposed more soft-edged playing in the orchestra than the opera wants. The expert edition by Shebalin that they used was not to blame for their tame Gopak, nor the only moderate excitement of the "Bare Mountain" scene (with chorus) which Musorgsky interpolated here. But the Kirov chorus itself was magnificent, as it had been in *Khovanshchina* – full-voiced, vital, unanimously subtle when required; and the solo singers in their often bitty roles were in unbuttoned good humour, extrovert and communicative beyond what the *Khovanshchina* production ever allowed them.

Even as it stands, Musorgsky's Ukrainian comedy is hardly less rich than that sombre epic. It is evocative and muscular, jocularly affectionate with its characters, deeply loyal to its folk-roots. In comparison Smetana's *Bartered Bride*, for all its rather similar charms, smacks of conservatory-bred Good Taste. Here the individual cartoons are at least as vivid as, say, the comic-relief scallywags in *Boris*, and there are more of them. It is a thousand pities not only that Musorgsky left *Sorochinsky Fair* a mere torso, but that he did not write three or four more such operas: they would have been treasures of the repertoire.

Olga Korgenskaya sang a fine, aggressive termagant, and Mikhail Kit (as her threatened husband), Sergei Aleksashkin and Viacheslav Trofimov roistered with a will. As Parassia, the nubile daughter, Larissa Shevchenko was efficient and musical, without anything much like a peasant tang. Her lovelorn Gritzko, however, got a superlative performance from the tenor Yuri Marusin (the Prince Andrei of *Khovanshchina*), forcefully plangent and touching. It was intriguing to find that a memorable bit of *Le Sacre du printemps* comes straight from his music: was Stravinsky aware of that?

David Murray

Alastair Muir

Sian Thomas and Peter Egan

The Marriage

ST BRIDE'S CENTRE

Musorgsky's *The Marriage* is a mere scrap of an opera. Only the first act of the scenario to Gogol's satirical play was finished before the composer lost impetus, and yet this 40-minute fragment is put before audiences surprisingly often, given its abbreviated nature.

The Kirov Opera naturally wanted to bring it to Edinburgh as part of its extensive Musorgsky survey. If the piece is to be done at all, then it can be said that the company gave it as good a chance to succeed as it is likely to get. We are constantly told how Musorgsky made strides forward in setting the Russian language to music; but it is one thing to be told and quite another to hear Russian singers making words and notes come alive together.

This was also a staged performance, in the unusual but not unwelcoming venue of St Bride's Centre, a former church. A small acting space afforded room enough for the four singers, while the orchestra under Alexander Polianichko played from behind the altar railings, without any apparent ill effect. The new orchestration of the sketches, commissioned for the occasion from Vyacheslav Nagovitsin, sounded lively and stylish on a single hearing.

For the opera's four short roles the company had scheduled singers of calibre, including its resident Otello and Iago. The main part of Podkolyosin, a lazy, middle-aged councillor, so typical a choice as the butt of Russian satire, was marvellously taken by the baritone Valery Alexeyev – a Mel Smith look-alike, his face sad and weary, every grey hair and twinge of rheumatic pain the source of new agony.

In a piece of this sort the Russian inclination is always to lay the humour on with a heavy hand (remember the Bolshoy's Prokofiev at Edinburgh last year?) and so it was here. Vladimir Galuzin as Kochkaryov and Larissa Diadkova as Fyokla semaphored any potentially amusing line with huge gestures; while the inebriated old retainer Stepan, played by Grigory Karasev, rolled about the stage. But each gave a vivid performance.

In truth, Musorgsky's *The Marriage* does not amount to much. Its value today lies not so much in any intrinsic viability as in what it tells about comedy and the Russian soul, pointing forward to individual characters in Musorgsky's finished operas and then on to the masterly satirical figures created by Prokofiev and Shostakovich. The Kirov Opera's Musorgsky week set it in context, which is exactly where it belongs.

Richard Fairman

Boardroom Shuffle

TSB HEADQUARTERS

If you want to see only one play at the Edinburgh Festival and are looking for something refreshingly different, go to the Trustee Savings Bank Headquarters in George Street. This is the unlikely venue for the American Connexion Company's production of *Boardroom Shuffle*, a play about boardroom rivalry and computer developments early in the 21st century.

There is only one reservation. The projection into the future is unnecessary. The action could be taking place now. Only one fantasy leans a bit on the crystal ball: the latest computer system predicts a 93 per cent probability that somewhere about 2015 the late night news will lead with the invasion of Antarctica by the European Air Force in order to prevent an East Asian takeover. But that is peripheral to the plot. For the most part we are dealing with computer power and boardroom drama.

The new computer is known as the Prophet and is expected to bring considerable profits with it. It does not, of course, have a mind of its own (this is not science fiction), but it does have very superior input, and therefore a superior output. Having pioneered the system, the chairman of the company is off, improbably and unnecessarily, on a voyage to Mars, but not without a successor being appointed, from within or without the company. The piece might be improved if the chairman was simply taking early retirement to play more golf or spend more time with his family, but let that pass.

No need to go into the details: the action revolves around a computer programme asking the candidates about their qualifications, emotional, intellectual and physical, for the job. Some of the responses are dramatic: there is a great deal of fall-out and a more or less happy ending.

The innovation is the setting. This must be one of the first plays to be staged in a bank. The TSB headquarters in Edinburgh has a splendid atrium, which is where it takes place. The chairman descends from the lift on high for his first entrance. The audience is assumed to be shareholders as well as television viewers watching live action. Sometimes the actors sit among them. In short, the whole thing is electric.

There is some talk of Gregg Ward's play, which he also directs, moving shortly to the atrium of Lloyd's of London. If so, it should be more than welcome.

Malcolm Rutherford

Uncle Vanya

LYRIC, HAMMERSMITH

So here it is. Kenneth Branagh's Renaissance Theatre Company in its first Chekhov, with a cast list that sets the imaginative pulse a-thumping. Annabel Arden, of the cult ensemble Theatre de Complicité; Richard Briers, of television sitcoms too numerous to mention. This, surely, should mark another milestone in the reclamation of Chekhov from wan melancholia.

The surprise of the evening is that it does no such thing. Branagh, and his co-director Peter Egan, have put together a production which majors in self-pity – and the effect of placing such emphasis on such a solitary emotion is to disconnect the characters from each other and deposit each under a little cloud of misery. Practically every big speech seems to be played as a soliloquy.

Chekhov's plays are all about people trapped in triviality while longing for significance: the Three Sisters look to Moscow, while Vanya and his ill-favoured niece Sonya look to love. In each case the longing is defined by the reality: small-town society for the sisters, and small-time affections for Vanya and Sonya, both of whom are destined never to be adored.

Where the production falls down most conspicuously is in its failure to draw the minor characters into this reality: Olga Lowe's matriarch Marya sits stiffly and silently in the background, emerging only as the butt of a bitter "mother" jibe which, in Briers' emphasis, gets an easy laugh from the audience; Jimmy Yuill as Telyegin, the epitome of faithful self-sacrifice, sits glumly to one side strumming a guitar. There is no sense of how his experience – as provider for his wife's children by her lover – relates to the drama that is unfolding on stage.

Briers plays Vanya as a tetchy scarecrow of a man, who barks himself into an apoplexy of comic exasperation at the pompous complacency of his ailing brother-in-law (Patric Godfrey). He has one attitude, which is to drop his head and yap out his misery – as if the whole of this performance is aimed at extracting the maximum mileage from his final, farcical inability to shoot straight (which is further emphasised by Kenny Miller's lofty set of huge flapping doors through which Vanya chases his quarry).

Briers is, to be fair, quite funny in his self-pity; just as Annabel Arden's Sonya is touchingly amusing in her portrayal of fluttery femininity encased in a mausoleum of a body. When Arden scrapes her hair back into a bun, one realises with a frisson of compassion that this slab of a girl has just played a love scene with a doctor too drunk to notice the single attribute of which she feels proud – her hair.

Her little triumph is to persuade him to give up drinking, on the grounds that it doesn't suit him; but the whole point about Peter Egan's Astrov is that drink *does* suit him. It brings out a charisma, a feline sexuality that is entirely missing from his endless lectures about trees. Behind a table, pouring over his charts, he is staid and dull; on top of the table, dancing a drunken jig, he is enthralling.

This diversity of characterisation is entirely missing from Sian Thomas's Yelena, whose boredom seems so deeply ingrained as to make her brief infatuation with Astrov seem a mere affectation, into which she drifts without reference to Sonya's feelings, the doctor's susceptibility, or even to her own desires. There is no cross-texturing, no ambivalence in her attachment because, like all the characters in this oddly dislocated production, she appears to live in a world of her own.

Claire Armitstead

INTERNATIONAL

ARTS GUIDE

EXHIBITIONS

■ AMSTERDAM

Rijksmuseum Indian Miniatures from Paris: 100 pieces illustrating Mogul histories and Hindu epics from the 16th to 19th centuries. Also Court Gems from India, including a relief in alabaster showing a portrait of the Great Mogul Shah Jahan. Ends Sep 22. Closed Mon

Van Gogh Museum Japan: Van Gogh's Utopia, examining the influences of Japanese prints and culture on the life and work of Van Gogh. Ends Sep 22. Daily

■ BASLE

Kunstmuseum Swiss Drawings 1800-1850: a selection of the best work of the period, in which Swiss artists were searching for their own path between the Romantic school in Paris and the circle of German artists in Rome. Ends Oct 27. Closed Mon

■ BERLIN

Schloss Charlottenburg Imperial Art from the Dutch Exile of Kaiser Willem II: paintings, sculpture and artefacts, including silver and furniture from the time of Frederick the Great. Ends Sep 29. Closed Mon

Schloss Kopenick Rosenthal porcelain: a collection of work by one of the leading early 20th century German porcelain manufacturers, tracing developments in design from Jugendstil to the 1940s. Ends Jan 5. Closed Mon and Tues

■ DRESDEN

Zwinger Exhibition of rare Meissen porcelain dating from early 18th century, plus a selection of 18th and 19th century coffee-house drawings from the Eduscho collection. Ends Oct 6. Closed Mon

■ EDINBURGH

National Gallery of Scotland Saved for Scotland, a group of paintings and objets d'art acquired for Scottish public collections with the help of the National Art Collections Fund. Ends Sep 29. Daily

Scottish National Gallery of Modern Art Michael Andrews: Ayers Rock and Other Landscapes, including nine spectacular paintings resulting from a visit to Australia in 1983, plus a group of Scottish landscapes. Ends Sep 29. Daily

■ FLORENCE

Casa Buonarroti Artemisia Gentileschi (1597-1651/3), follower of Caravaggio and possibly the most famous woman artist of all time. The exhibition includes 30 paintings from Italian and foreign museums, together with several masterpieces by her father Orazio. Ends Nov 4. Closed Tues

Museo Nazionale del Bargello The Bronzes of Calliope's Writing Desk: the collection of bronze and marble statuettes built up by Cosimo I de' Medici between 1550 and 1574, and stored in the Scrittoio di Calliope, a small room used to guard the Grand Duke's most precious belongings. The collection has survived almost intact, and is one of the most important of its kind. Ends Aug 25. Closed Mon

■ FRANKFURT

Schirn Kunsthalle Marc Chagall: the Russian Years (1906-22), with 250 oils, watercolours, drawings and sketches. Ends Sep 8. Daily

■ GLASGOW

Hunterian Art Gallery The Nude: five centuries of drawings, watercolours and prints from the Hunterian's collection, including work by Durer, Rembrandt and Epstein. Ends Oct 19. Closed Sun

■ HAMBURG

Museum für Kunst und Gewerbe Felice Beato in Japan: landscapes, towns, villages and people photographed in the feudal era of the 1860s. Ends Oct 20. Closed Mon

■ LIVERPOOL

Tate Gallery Alberto Giacometti: six paintings and 12 bronze sculptures from 1947 till the Swiss artist's death in 1966. Ends Dec 29. Closed Mon

■ LONDON

Royal Academy The Fauve Landscape: Matisse, Derain, Braque and Their Circle 1904-1908, with 75 paintings showing how the Fauves used vibrant colour to express their subjective and emotional response to landscape. Ends Sep 1. Daily

South Bank Centre Ju Ming Sculptures: first British exhibition of work by the Chinese sculptor, with a display of 12 major bronze taiji sculptures, realistic and abstract, along the Queen's Walkway of the Royal Festival Hall. Ends Sep 13. Daily

Tate Gallery John Constable: largest-ever survey of the English artist's work. Ends Sep 15. Also William Blake: 150 watercolours, drawings and engravings. Ends Nov 2. Daily

Victoria and Albert Museum Schinkel: A Universal Man, an exhibition devoted to one of the greatest and most influential classical architects of the 19th century. It includes paintings, architectural drawings, furniture, sculpture and silver from the Schinkel archive in Berlin. Ends Oct 27. Also Postmodern Prints: an exhibition of 50 objects by international artists, aimed at encouraging an assessment of the conflicting versions of Postmodernism. Ends Oct 27. The T.T.Tsui Gallery of Chinese Art, housing the V & A's rich collection of Chinese art and artefacts, is now open. Daily

■ MUNICH

Kunsthalle der Hypo-Kulturstiftung Thought Pictures: Contemporary Art 1960-90. Installations and paintings by 50 internationally recognised artists including Donald Judd, Frank Stella and Bruce Nauman. Ends Sep 8. Daily

Museum für Völkerkunde Gold of Ecuador: 100 artefacts, predominantly jewellery and cult objects, dating from around 1000 BC. Ends Sep 1. Closed Mon

Stadtmuseum The Last Emperor: Kaiser Wilhelm II in Exile. Ends Sep 22. Closed Mon

■ NEW YORK

Metropolitan Museum of Art Masterpieces of Impressionism and Post-Impressionism, including works by Gauguin, Cezanne, Van Gogh, Renoir and Degas. Ends Oct 13. Also The Art of Paul Manship: retrospective of one of America's foremost sculptors. Ends Sep 1. Closed Mon

Museum of Modern Art Lee Friedlander: Nudes. A selection of 50 photographs of female nudes ranging from intimate portraits to abstract figure studies. Ends Oct 8. Also Ad Reinhardt (1913-67): the first full-scale retrospective of the American artist, known for his austere abstract style. Ends Sep 2. Closed Wed

Whitney Museum of American Art Hunt Diederich: figurative sculpture and drawings by a long-neglected early 20th century artist. Ends Sep 29. Also John Baldessari: retrospective of 22 years of work by a pioneer of conceptual art. Ends Oct 20. Also American Life in American Art: the 20th century American experience as seen in paintings and sculptures from the permanent collection. Ends Nov 10. Closed Mon

■ PADUA

Museo Eremitani From Bellini to Tintoretto: 260 paintings by Italian artists of the 15th and 16th centuries. Ends May 1992. Closed Mon

■ PARIS

Centre Georges Pompidou Andre Breton (1896-1966): the aesthetic world of one of the leading theorists of Surrealism. Ends Aug 26. Closed Tues

Jeu de Paume Jean Dubuffet: The Last Years. The renovated former temple of Impressionism inaugurates its new role as a national gallery of contemporary art with an exhibition devoted to the founder of Art Brut. Ends Sep 22. Closed Mon

Musée d'Art Moderne El Lissitzky: 200 works, many lent by the Tretiakov Gallery in Moscow, offering a retrospective of the Russian constructivist (1890-1941), who was a major figure of the avant-garde at the time of the 1917 Revolution. Ends Oct 13. Closed Mon

Musée Picasso, Hôtel Sale The world's largest collection of Picasso's work, completed by Picasso's own collection of paintings by friends such as Braque and Matisse, and artists he admired, including Renoir and Cezanne. Closed Tues

Musée Rodin, Hôtel Biron This delightful 18th century town house contains the life work of the sculptor Auguste Rodin. Closed Tues

Trianon de Bagatelle Impressionism in Romania: the influence of French art on four Romanian painters between 1865 and 1920. Ends Sep 8. Daily

Cartes musées available at all metro stations and museums, to avoid queuing at 60 museums including the Louvre, Musée d'Orsay and Versailles

■ TOKYO

Sezon Museum of Art Masterpieces of the Guggenheim Collection: more than 100 paintings and sculptures representing the main movements in 20th century art. Closed Mon

■ VIENNA

Albertina Austrian Watercolours of the 19th Century: 70 works documenting the achievements of Austrian painters before the advent of Jugendstil. Ends Sep 1. Closed Sun

Kunsthistorisches Museum Gold from the Kremlin: 100 works from the era of the Tsars, including the gold crown of Peter the Great. Ends Sep 1. Closed Mon

■ WASHINGTON

National Gallery Robert Rauschenberg (b1925): 150 examples of the influential American artist's recent work. Ends Sep 2. Daily

Arthur M. Sackler Gallery Art from Indonesia: 150 examples from the 8th to 20th centuries, including manuscripts, sculptures, masks, jewels and ceramics. Ends Sep 2. Daily

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A fine-tuning Bundesbank

IF THE main aim of central banks were to keep the markets on their toes, yesterday's announcement by the Bundesbank would count as a master stroke. While many expected the one percentage point increase in the discount rate, few expected the quarter of a percentage point increase in the more important Lombard rate. Since the last time the Lombard rate was measured in quarter points was 1959, the Bundesbank has not merely initiated a gingerly tightening, but also adopted the monetary fine-tuning of Mr Alan Greenspan at the Federal Reserve. The main question is whether this is the right approach for what is now seen, probably wrongly, as the sliding monetary anchor of Europe.

A good technical case can be made for the changes. The 2½ percentage point gap between the discount rate, the rate at which the Bundesbank supplies limited amounts of refinance to banks, and the Lombard rate, the emergency funding rate in the money market, was historically high. Reducing the gap will squeeze the profitability of banks, particularly those operating in eastern Germany, which have relied heavily on the discount window.

With the Lombard rate below rates in the money market, the Bundesbank found itself lending too much for comfort. Even such a modest increase should free it from this "Lombard trap". Equally important, the increase could, and probably should, be seen as a harbinger of greater flexibility, with the Lombard rate adjusting more frequently to monetary conditions. Yesterday's increase could then be seen as an indication that further increases are likely, while a larger single increase might have given the opposite impression.

Credibility problem

This analysis is persuasive, so far as it goes. But does it go far enough? Rightly or wrongly, the Bundesbank has a credibility problem, partly because of the events leading to German monetary union and partly because of the heady pace of recent German economic expansion. That credibility might well have been better served by arguing strongly for no more than an increase in the largely symbolic discount rate. But if a tightening of monetary policy was needed, why not raise the Lombard rate by enough to make a real difference?

Monetary fine-tuning may be flavour of the month, but a quarter point change is likely to have no substantial effect on the domestic economy. Where it might make a difference is on the foreign exchanges, but even here signals matter at least as much as modest changes in short-term interest rate differentials. The signal in this case is that the Bundesbank does not know its own mind about what Germany needs.

Respectable case

Economically, the Bundesbank can, in fact, make a more than merely respectable case for any hesitation: tax increases make up 0.7 percentage points of the inflation rate of 4.4 per cent in the year to July, about which there has been much wringing of hands; monetary growth is under control; short-term real rates of interest are exceptionally high; the yield curve – the ratio of short- to long-term rates of interest – is already modestly inverted; the rate of economic growth is slowing; and wage increases are hitting their cyclical peak (which is why the comparisons with wage behaviour in the UK are absurd).

To act more decisively would be to risk overkill. That might be defensible for a minor player in the global economic game like the UK. It would be dangerous, possibly disastrous, in the case of the Bundesbank – *de facto* Europe's central – bank, when most of Europe is slowing down. While slavish obedience to the demands of the American Treasury is not to be recommended, the still doubtful position of the US economy cannot be ignored, nor can the recent strengthening of the D-Mark.

Yet, however defensible yesterday's finesse may be, the Bundesbank must remember that credibility is a depreciating asset. Who now remembers that the Bank of England was long regarded as the most successful central bank in the world? The Bundesbank may have a case for acting as it has. But it must not merely be in command, but be seen to be in command. Given the shift to quarter point changes, that may mean further action soon.

A welcome tax reform

THE OBLIGATION to pay taxes is unpleasant at the best of times. For self-employed people, of whom there are 3.5m in the UK, the process is made especially unpleasant because the rules by which their tax liability is calculated were formulated over a century ago.

As a result, the self-employed are obliged to go through a costly and time-consuming cycle of assessments, appeals and postponements before their tax bill becomes clear. Only accountants benefit from this state of affairs, and even they complain that it is too complicated.

The Inland Revenue has now confessed that it sympathises with those who cannot make head or tail of their tax affairs. This week it published a consultative document entitled: A Simpler System for Taxing the Self-Employed. Under these very welcome proposals, the central complexity of the UK's antiquated system will be removed. No longer will the self-employed pay tax in one year based on profits earned in the previous 12 months. Like employees, they will pay tax based on current-year income.

The reforms promise to simplify relations between tax payer and tax collector in a significant way. Self-employed taxpayers will only have to contact the Revenue twice a year. They will pay tax based on an assessment of their tax liability which they will have made, and in most cases the taxpayers' calculations will be accepted by the Revenue without further ado.

One form

In due course, the proposals will lead to further reforms of the personal tax system, so that individual taxpayers with different categories of income will have to fill in only one form and deal with one rather than several tax offices.

The impact of these proposals will be as profound for personal taxation as the new pay-and-file approach will prove to be for the company sector. From October 1993, companies will have to make and pay their own assessments of their tax liabilities exactly nine months after the end of the accounting period, and will have to file completed tax returns, accounts and computations by a fixed filing date. The self-employed will be moving in a similar direction from 1995-96 at the earliest.

In both cases the Revenue is shifting responsibility for the assessment of tax liability off its own shoulders and on to those of the taxpayer.

Irrevocable change

In the self-employed sector, the moves fall short of full self-assessment of the kind that applies in the US. There will still be scope for haggling between Revenue and taxpayer. But the nature of the relationship between these parties will change irrevocably. The gathering of tax will not be the dilatory business that it is now, with long correspondence before a tax liability is established. It will be more business-like.

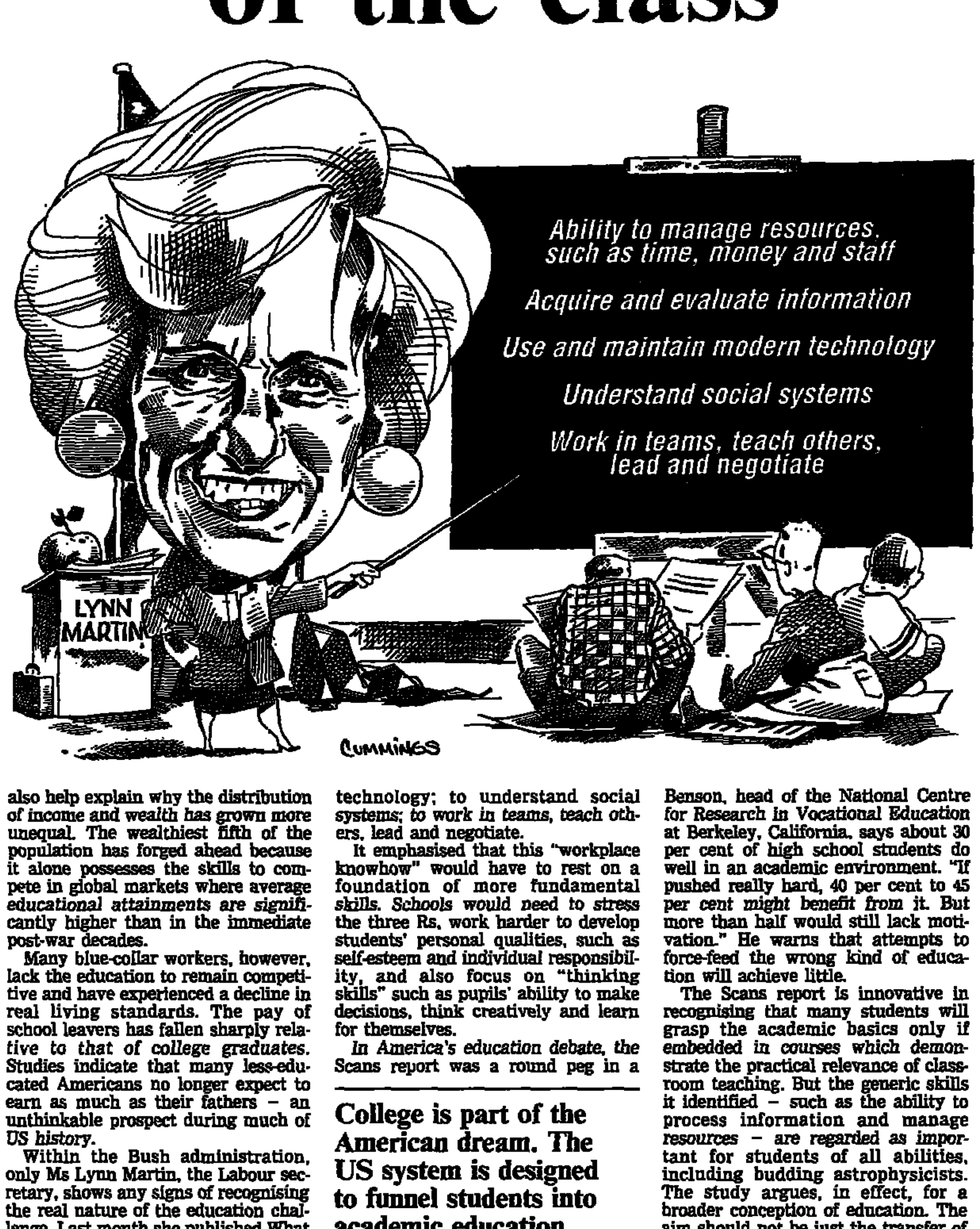
The proposals are to be welcomed in that in due course they will lead to greater efficiency and simplicity in the collection of tax from an important sector of the economy. However, the system will not necessarily appear simple and efficient to the taxpayers in whose interests it is said to be designed.

The transition to the new regime will be highly complex, and taxpayers will find themselves relying more heavily on their accountants than in the past. During the transition, there will be many losers as taxpayers forego the benefits of an irrational system which could be made to work in their favour.

By coincidence, the document was launched the day after the government unveiled a Taxpayers' Charter, in which the Revenue promised to humanise itself if taxpayers paid their bills on time. The Charter attracted considerable attention but the consultative document is a much more significant development. If all goes to plan, the taxation of the self-employed is set to be brought into the 20th century, which is just as well since the reforms themselves will not be bedded down until the early years of the 21st.

The dearth of vocational training in the US presents the country with its biggest educational challenge, says **Michael Prowse**

At the bottom of the class



"It's not that they can't see the solution, it's that they can't see the problem," G K Chesterton, the English writer, once complained.

His remark is peculiarly apt in the case of US education policy, the subject of an agonised national debate for nearly a decade. The premise behind nearly every reform proposal – including President George Bush's recent America 2000 initiative – is that academic standards need raising. Reformers differ only in the means to this end.

Conservatives say the answer is greater competition between schools. Liberals retort that school budgets need to be raised, especially in poor inner-city areas. Moderates in both parties advocate technocratic reforms such as a longer academic year, national achievement tests and tougher course requirements.

Academic standards certainly do need raising: international comparisons indicate that the US is lagging well behind Europe and Japan, particularly in subjects such as maths and science. What few reformers recognise is that America's biggest challenge lies outside the academic sphere. By and large the present system caters fairly well for the top 30 per cent of school-leavers: those who can expect to graduate from a four-year college and take a well-paid white-collar job.

The US's most serious – yet still often unacknowledged – problem lies with the bottom 70 per cent of the school population: those who do not enrol for relatively academic courses that lead to college. Such students are fed an unappetising diet of general and vocational courses which usually lead nowhere.

Many drop out without a diploma. Others graduate from high school and then, lacking marketable skills, move through a series of low-paid jobs. Some take courses at community colleges or private trade schools but, lacking guidance and support, most drop out without gaining qualifications.

Those not bound for college face a common problem. Going to college is part of the American dream. The US education system is thus designed to funnel students into academic higher education. As in other predominantly Anglo-Saxon cultures, vocational and technical education is poorly funded and widely despised. The academic student can see a clear path from high school to permanent well-paid employment.

But those whose bent is primarily practical face nothing but obstacles. Few school districts make an effort to ease the transition from school to work. Neither the private nor the public sector has a tradition of providing rigorous vocational training. Non-academic students do not even have a goal to aim at: nationally recognised technical and vocational qualifications do not exist.

Such shortcomings were not an economic handicap for most of this century. This is because industry was organised along centralised, hierarchical lines (the US invented the assembly line). A college-educated elite formed the brain and nervous system of corporate America. The great majority of jobs were repetitive and undemanding, requiring only a minimum level of education.

But changes in technology and increased global competition are rapidly altering the nature of work. Companies are having to decentralise operations and devolve responsibility in order to respond flexibly to rapidly changing market conditions. The upshot is that a much higher proportion of the workforce requires levels of education comparable with that of the old elite.

The failure of the US to develop the skills or "human capital" of the bottom 70 per cent is thus a plausible explanation for the sluggish growth of productivity since the early 1970s and the loss of market share in many industrial sectors. Educational gaps also help explain why the distribution of income and wealth has grown more unequal. The wealthiest fifth of the population has forged ahead because it alone possesses the skills to compete in global markets where average educational attainments are significantly higher than in the immediate post-war decades.

Many blue-collar workers, however, lack the education to remain competitive and have experienced a decline in real living standards. The pay of school leavers has fallen sharply relative to that of college graduates. Studies indicate that many less-educated Americans no longer expect to earn as much as their fathers – an unthinkable prospect during much of US history.

Within the Bush administration, only Ms Lynn Martin, the Labour secretary, shows any signs of recognising the real nature of the education challenge. Last month she published What Work Requires of Schools, an innovative study by the Secretary's Commission on Achieving Necessary Skills (Scans), a committee of business, union and teacher representatives.

The Scans report concluded that more than half of young people leave schools lacking the skills needed for productive employment. After analysing the practical requirements of a range of jobs, it urged high schools to teach five practical "competencies" alongside the traditional academic syllabus.

These are the ability to manage resources, such as time, money and staff; to acquire and evaluate information; to use and maintain modern technology; to understand social systems; to work in teams, teach others, lead and negotiate.

It emphasised that this "workplace knowhow" would have to rest on a foundation of more fundamental skills. Schools would need to stress the three Rs, work harder to develop students' personal qualities, such as self-esteem and individual responsibility, and also focus on "thinking skills" such as pupils' ability to make decisions, think creatively and learn for themselves.

College is part of the American dream. The US system is designed to funnel students into academic education

In America's education debate, the Scans report was a round peg in a square hole. Instead of focusing directly on academic standards, it emphasised skills relevant to the workplace. Much of what little coverage it received was hostile. In a typical response, Mr Robert Samuelson, the Washington Post's economics columnist, denounced it as "gibberish". What the US needs, he declared predictably, is "academic standards with teeth".

But a narrowly academic approach ignores the fact that many people – possibly a majority – do not respond well to abstract "blackboard and chalk" teaching. Professor Charles Benson, head of the National Centre for Research in Vocational Education at Berkeley, California, says about 30 per cent of high school students do well in an academic environment. "If pushed really hard, 40 per cent to 45 per cent might benefit from it. But more than half would still lack motivation." He warns that attempts to force-feed the wrong kind of education will achieve little.

The Scans report is innovative in recognising that many students will grasp the academic basics only if embedded in courses which demonstrate the practical relevance of classroom teaching. But the generic skills it identified – such as the ability to process information and manage resources – are regarded as important for students of all abilities, including budding astrophysicists. The study argues, in effect, for a broader conception of education. The aim should not be just the transfer of information in a narrow range of academic disciplines but the provision of a wide range of practical skills required for life and work.

The Scans committee has begun to ask the right questions. But even if its recommendations are implemented (which looks unlikely) the US would only have scratched the surface of its education problem. The challenge is to create a widely respected vocational alternative to college as a means of personal advancement.

Europe provides two models. The first is the German "dual system" under which 70 per cent of 16-year-olds leave full-time education to enter industrial apprenticeships in 378 recognised occupations. Apprentices typically spend three days a week in on-the-job training, the cost of which is borne by employers. Local chambers of commerce are responsible for examinations and the awarding of vocational qualifications.

In the second model, other countries such as Sweden, Denmark and France rely more heavily on school-based vocational study. In Sweden, for example, about 70 per cent of students in upper secondary schools follow vocational courses in one of 25 occupational areas. These range from two-year programmes in commerce to four-year courses in technical engineering. School-based European vocational programmes include some work experience but typically much less than the German dual system.

The great advantage of employer-based vocational training is that it is likely to be closely geared to the current needs of industry. Trainees are thus likely to find their skills in demand. But, despite its reverence for private-sector solutions, the creation of a German-style dual system in the US appears highly improbable. US business leaders are among the most strident critics of the education system but show little interest in increasing their own expenditure on training. With highly mobile workers, many fear that investment in training would be wasted because of poaching by competitors.

Formal apprenticeship schemes in the US have atrophied to the point where they cover only 0.16 per cent of the civilian workforce. The average age of apprentices is 29, making them a limited form of adult rather than youth training. The National Centre on Education and the Economy, a private research group, found recently that only a third of the corporate sector's $30bn annual training budget was spent on the 70 per cent of the workforce without college education; schemes reached only an estimated 8 per cent of "front-line" workers. The top 0.5 per cent of companies, moreover, accounted for more than 90 per cent of total training expenditures.

It looks, therefore, as though the US will have to concentrate on improving vocational education and training in high schools and the post-secondary sector. There are some encouraging signs. Oregon, for example, is restructuring its high schools to offer 16-year-olds an explicit choice between courses leading to college and a job training programme. The vocational option would include work experience although the extent to which local employers will participate remains unclear.

The US post-secondary vocational education sector is already large, enrolling almost as many students a year as four-year academic colleges. But standards are often low. And turnover rates are unacceptably high: nearly two-thirds of students fail to complete a single term; fewer than 20 per cent of enrollees at community colleges receive a formal qualification within four years.

And high default rates on student loans, especially at private trade schools, suggest that much "training" does not create the skills needed by employers. With little supervision by state or federal authorities, the sector does not provide an effective means of personal advancement for non-academic students.

The US is in a comparable position to Britain in the early 1980s – before vocational education and training rose to the top of the political agenda. Reformers want to raise standards but focus almost exclusively on the top 30 per cent, who are already doing reasonably well. The need to learn from European experience and devise innovative forms of education for the remaining 70 per cent is not widely understood. The US has yet to learn that economic competitiveness is determined less by the academic achievements of an elite than by the skill levels of the workforce as a whole.

OBSERVER

Commercial break

■ It is hard to know who should be the more embarrassed – the Government or Sir Peter Parker's Showtime Radio – over the failure to find the money on time for Britain's first national commercial radio station. One shudders to think what might happen when they get to sorting out the megabuck bids for the new ITV licences.

At least with the ITV franchises the authorities can hide behind the quality hurdle if they think there is any doubt about the money being available. However, it was a case of highest bid wins when it comes to the new national radio licences. The result is hardly going to bolster international confidence in Britain's fledgeling commercial radio industry.

The Radio Authority itself is not to blame. It is being advised by BZW, a solid firm of advisers, and County NatWest, financial advisers to Sir Peter's First National Radio, are equally reputable. If expert City advisers promise that the money is going to be there, how can the Radio Authority quibble?

Of course, the money may still be found. But one would have expected the financing to be firmly in place when the auction started. It should not be a case of win the licence first and find the money later. It is all a bit of a shambles and needs to be sorted out speedily if confidence is to be restored. The licence should be handed over to whoever comes up with the money first, and Jimmy Gordon – Lord Hanson's radio pal – looks a good bet.

Redmond's men

■ "I wouldn't dream of entering the shark-infested waters of ITV without a good guide," says Phil Redmond, the man intent on steeling the Granada franchise in the North West of England. So he has gone out and hired one – Paul McKee, former deputy chief executive of Independent Television News.

Redmond's North West Television has heavily outbid Granada in the competitive tenders for new ITV franchises and now has to demonstrate that it can get over the quality threshold. McKee, recently deputy managing director of Yorkshire Television which has a stake in North West, should help remove any lingering doubts about Redmond's management skills. He has agreed to join in a role " close to the chief executive.

For the past three months McKee has been in India advising on the broadcasting coverage of the Indian general election. After that he feels confident of being able to handle the turmoil of Liverpool.

Party time

■ Sweden's colourful former finance minister Kjell-Olof Feldt, a Denis Healey figure, is celebrating his 60th birthday with flamboyance on Sunday afternoon. Everybody in the entire country is being invited along to his thrash being held at the head offices of Sweden's state-owned monopoly company Vin and Sprit which has Feldt as a board member.

Nordbanken and Sweden's state railways are also helping to pay the bill for the big event - two other companies which also have Feldt on their boards. The guests will enjoy a three course meal plus a choice of two wines - the red Chateau Livran 1985 and white Chateau Gravier 1990.

Not many of Feldt's former Social Democratic cabinet colleagues are likely to be there for on Sunday the party launches its general election campaign in a safari park some miles away. The lure of free alcohol for the masses will no doubt shock staider Swedes in a country where such indulgence remains frowned upon.

"It's a monument to the unknown missing service man."

Wolf whistles

■ Markus Wolf, the former chief of East German intelligence who fled to Moscow after the German authorities ordered his arrest, seems to be attempting a comeback.

From the safety of Moscow's Red Square, the self-confident ex-spook resurfaced on prime time German TV this week hotly denying that his department had ever tried to "destabilise" West Germany. Quite the contrary, he had served the cause of peace by making the other side more "transparent." Indeed, his department had helped a peaceful reunification by not using armed force against demonstrators in the autumn of 1989.

Admittedly, the uncovering of his former top spy Günter Guillaume – planted in Chancellor Willy Brandt's office – had been bad news for East German intelligence. It was against "our policy of detente", said Wolf. Nevertheless spilling the beans about the episode should help boost sales of his new book – On my own mission – which he is busily plugging on TV.

Sad to hear that his former close contacts with the KGB have been reduced to the occasional glass of wine with a few old friends. He has been given "safe conduct" to appear as a witness at the trial of his successor in Munich in October but Wolf says he will have to consult with his lawyer on whether he would show up.

Simple exit

■ In Britain only the workers are sacked. When executive directors are given the push, they variously retire, decide to spend more time with their families, or pursue their personal interests. The size of their golden handshakes is often the only indication of how hard it has been to get them out of the door.

However, Observer is glad to see that there is no such pussy-footing around in Denmark where the luckless Erik Larsen has just been booted off the four strong management board of Topdanmark, the insurance and banking conglomerate. The company says that Larsen's "dismissal" is necessary because he disagreed with the others on the management of the group.

Wrong tie

■ Robin Leigh-Pemberton, the Governor of the Bank of England, must be wishing he had never heard of BCCI. But Jonathan Charkham, the Governor's industrial adviser, is rather proud of his latest gift – a BCCI tie.

Charkham has just returned from a City-boosting swing through the Far East and picked up his tie after a pleasant lunch in Bangladesh with the Bengal Chamber of Commerce and Industry.

Churning the cream of cartels

Tim Dickson on mounting pressure to reform the UK's monopolistic Milk Marketing Board

One cartel that has survived the 1980s almost unscathed is Britain's dairy industry. But it looks like being a different story in the 1990s.

Screwed down by milk quotas that limit production, chilled by the gathering winds of European Community competition, farmers and processors alike are now facing up to a challenge which could soon alter the habits and assumptions of a lifetime.

Political and commercial pressures to scrap the 58 year-old monopoly powers of the Milk Marketing Board (MMB) – the sole buyer and supplier of liquid milk in England and Wales – have been bubbling to the surface for several years. There is growing unanimity that a centralised system reminiscent of pre-1989 eastern Europe cannot survive in its present form. But the past weeks have demonstrated the marked lack of consensus about how a workable transformation can be wrought.

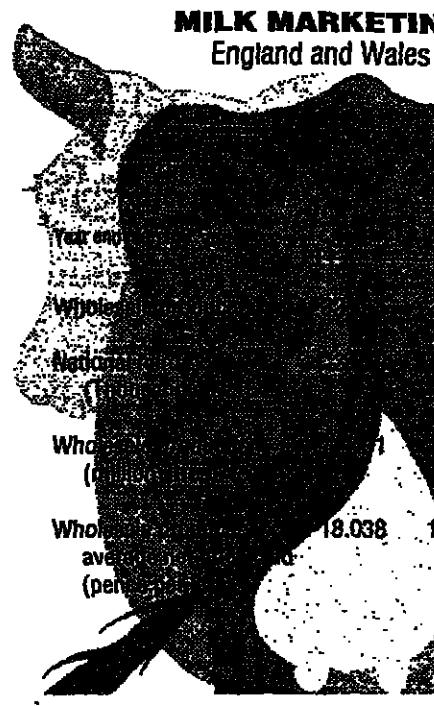
After much prodding from Whitehall and Brussels the 18-member Board for England and Wales took the cow by the horns in March and came forward with its own proposals for reform. Its somewhat vague strategy for turning the MMB

Farmers and processors alike are now facing up to a challenge which could alter the habits of a lifetime

into a voluntary co-operative, however, has since exposed deep divisions and anxieties among producers, sown new seeds of suspicion in the dairy trade, and alerted outsiders to the possibility that a cartel which emerged from a decade of Thatcherism intact may well have some life in it yet.

The public wrangling has cooled of late – but by all accounts a fierce behind the scenes struggle is continuing between followers of Mr Bob Steven, the reluctantly reforming chairman of the MMB who recently saw off an attempt to oust him, and farmers unofficially represented by Mr Bryan Carr and Mr Richard Smith, two board members who would prefer little or no change to the status quo.

It is extraordinary that the five statutory boards comprising the MMB – the one for England and Wales with about 30,000 dairy farmers and £2bn of turnover being much the largest – have survived so long. Formed in 1933 in the depths of the Great Depression they proved an immediate and lasting success in providing protection for small farmers against the predatory behaviour of the big dairy companies. To this day they buy milk from farmers all over the country at a uniform price – about 19p per litre at the moment – and sell it on to dairy processors at a range of different prices, depending on the use to which it is put. Liquid milk for drinking commands the biggest premium, while milk destined for butter, cheese and other manufactured products can be obtained by the dairies more cheaply.



These so called "end use" pricing arrangements are seen by critics as having worked against the interests of the producer and processor as well as the consumer. They have stifled enterprise in the UK and opened the supermarket door to imports of more exotic continental cheeses and yoghurts. Nor is it just the MMB which can be blamed; the dairy processors grouped together in the Dairy Trades Federation (DTF) have long been happy to sustain their own cartel, negotiating their own uniform milk selling prices with the boards and denying supplies of milk at worthwhile prices to innovative competitors.

With continental producers set to gain even greater access to UK markets post-1993, a less rigid structure is needed, say the reformers, to help the domestic industry fight back. That, though, has not been the only spur to change.

Another important factor is the growing restiveness of those largely efficient and certainly enterprising farmers who would dearly wish to escape the board's clutches and sell their milk direct to the customer. As things stand they have no choice, by law, but to sell to the MMB; those who do sell, say, to local villagers have to pay a levy which takes away any extra profit they would make.

One of the most colourful challenges to the MMB's monopoly turned on the issue of whether pasteurising milk was a process, in which case the levy would not be paid. It was mounted in the late 1980s by Mr John Taylor, owner of the Cricket St Thomas estate in Somerset. Mr Taylor, however, was unable to convince the judges of the European Court that by pasteurising milk on his farm he was technically processing it, and that therefore it fell outside the jurisdiction of the MMB. In the immediate aftermath of that case it looked as though the MMB's monopoly was legally sounder and safer than before.

The victory, however, may prove to be short lived. Stemming in part from the wording of the Taylor judgment, there is widespread expectation that several cases recently brought by UK producers of low fat milk – where the separating of the fat is also and seemingly with more justification claimed to be a process – might go the other way. The MMB argues that there was little or no low fat milk when its monopoly powers were enshrined in EC legislation in the mid-1970s and that the challenge to its monopoly should be thrown out. But Brussels (whose view is bound to influence the Luxembourg judges) is not thought to be sympathetic to that point of view.

While the pressures for change are therefore mounting, the direction in which the industry is now heading remains obscure. The MMB's outline proposal for a voluntary co-operative shorn of its statutory powers, for example, may seem straightforward enough – but it conceals a host of awkward issues which have yet to be resolved.

One delicate question is how far voluntary will be voluntary – in other words, to what extent the MMB will be able to tie in farmers during a transitional period. The signs are that the board wants to control up to 80 per cent of UK dairy producers and tie them in for five years; this has raised fears that the proposed voluntary co-operative would be a monopoly by another name. Those processors with, say, low margin cheese and butter plants – dependent on the current cosy cartel to provide their cheap supplies of raw material – are alarmed that under the new arrangements their bilateral negotiating forum with the MMB could disappear.

This concern is closely linked to the status of Dairy Crest, the MMB subsidiary which controls 25-30 per cent of UK dairy production. Private sector competitors such as Unigate and Northern Foods fear that in a new world dominated if not monopolised by the MMB they could find themselves competitively disadvantaged by the board's close relationship with Dairy Crest. Even under the present rules there are frequent mutterings of favouritism. While the MMB appears determined to resist calls for divestment, a transparent pricing system and some outside capital are the sort of conditions it may ultimately have to accept.

The real prize for the likes of Northern Foods and Nestle, though, is to tempt producers – particularly those close to large towns which have effectively been subsidising their rural counterparts over the years – away from the warm and secure embrace of the MMB. "We want to be close to the source of supply and build up better contacts with producers," says Mr Chris Haskins, chairman of Northern Foods, who points out that the arrangement would suit both sides: "We process a lot of liquid milk so we pay an average price of 23p per litre, more than the average pool price for the farmer of 19p."

The unspoken fear is that with the disappearance of the board in its present form, the buyers of milk could divide and rule. Producers close to large population centres might thrive – but small peripheral farmers might suffer from a downward price spiral of 1930s proportions.

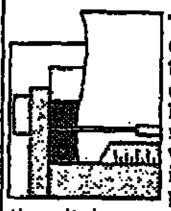
While many worried farmers are heartened by the imminent general election – and the conviction that the present government will not risk losing votes in the shire counties by forcing the pace of reform – the key to the MMB's new shape probably lies in Brussels. It is the European Commission, after all, which gave its blessing on UK accession in the early 1970s to the original regulations conferring the MMB's monopoly powers, and which will ultimately have to endorse a legal structure more appropriate to the single European market.

Significant change still seems inevitable, but the current muddle and drift may not be resolved soon. For the moment the government – which was at the outset a principal catalyst for reform – has all but opted out of the debate.

PERSONAL VIEW

Fog in the Channel

By Roy Denman



Three times over the last three-quarters of a century Britain has nearly lost a war in which it played a big part. This time it is engaged in further battles. These are being fought not with guns, but in committee meetings in Brussels. At stake are power and influence in a uniting Europe. Britain is losing the war.

This is partly because of a national attitude and partly because of bureaucratic bungling. The national attitude is that Britain is an island country which does not want to get mixed up with jabbering foreigners. The bungling is in the way the British influence – or rather don't influence – the EC machine.

On the first point, a bit of free trade is acceptable. But these continentals had better keep their distance. Something vague like "an ever closer union" perhaps. But knavish tricks like imposing on Britain a strange new currency and federation, or a European superstate, should be spurned.

The British horror of a federation produces amusement across the Channel. Germany is a federation. So is Switzerland, but the citizens of Geneva and Unterwalden do not go to bed at night gibbering with terror at the prospect of a superstate in Berne; they are comforted by the clout their cantons have in decision-taking at the centre. In any case, federation was from the start the aim of the European adventure. The Schuman declaration of May 9 1950 said: "The pooling of coal and steel production will immediately provide for the setting up of common bases for economic development as the first step in the federation of Europe."

It is not now far away. When businessmen can trade as easily between Hamburg and Lyon as they can between the states of the American union, they will not long put up with the expense and inconvenience of separate currencies, but a single currency means a single economic policy. That cannot be controlled by non-elected bureaucrats in Brussels. It means the start of a federal union, which means a common defence and foreign policy. This will probably happen in the next five to six years.

None of it will be imposed on the British. They will have to decide – as will their partners – whether they will want to pay in sovereignty for a first-class ticket on the next stage of the journey. Most of Britain's Community partners will. The current mood of Europhobia in Britain, encouraged day and night by the National Union of Xenophobes, is such that the British will not. Their partners will not be surprised. For 40 years, with the sole exception of the Heath government from 1970 to 1974, the British attitude to the unification of Europe has been that of the Victorian mother who summoned her nanny and instructed her to find out what the children were doing and tell them to stop it.

So the European summit at Maastricht in December will be a false drama. Whether the British sign a piece of paper accepting economic and monetary union but not yet a single currency or whether, despite the litany of British negatives, something will be cobbled together on political union is irrelevant. Those who agree to a single currency and to joint action in other fields will begin to get together privately. December will mark a parting of the ways. The children are big now and have got tired of being told to stop by nanny.

In the staffing of the Commission in Brussels the British have largely lost out. There is a first-rate British commissioner in Sir Leon Brittan and a much-respected British secretary-general, David Williamson. But a great deal depends in the Commission on the directors-general. When they choose to exercise it they can have a much greater influence on events than can a permanent secretary in London, surrounded as he is by ministers of every rank.

With a weak and ineffective commissioner, for example, a director-general can have a big impact on the policy of a 340m-strong Community. But no permanent secretary would dream of going to the Commission.

In 1990 the British made a bid for the Commission equivalent of the permanent secretary in the Department of Trade and Industry; they offered someone three grades down from the top. Our partners were offended; our man did not get the job. When the Irish were bidding for an equivalent job they were prepared to field their ambassador in London. The idea of a senior British ambassador agreeing to go to Brussels as a director-general would provoke laughter in the Foreign Office.

There are other ways in which we have lost. British commissioners, as ex-cabinet ministers, are used to a non-political civil service where promotion is on merit. They happily leave promotions to the machine. So when promotions come up in the Commission they normally withdraw. Their continental colleagues, used to political bureaucracies, join happily in the fray, distributing *bonbons* to their party supporters. So the British tend to be left behind.

Future historians will find it odd that a country like Britain, which once ran an empire, has not been able to come to terms with a growing centre of power only 200 miles away.

Had the Allied line crumbled in March 1918 a German victory would not have meant occupation as it would have done in the second world war. But it would have meant radical decline in British power and influence in Europe. That is what we face. The big decisions in Europe will be taken in Bonn, Brussels and Paris.

What can be done? The British will never like foreigners much. But they are fundamentally sensible if their interests are explained to them clearly and resolutely. Will the prime minister and the foreign secretary face down the diehards and place Britain in reality, not rhetoric, "at the centre of Europe where it belongs"? Will the Euroconversion of the Labour party turn out to be genuine? Will there at the next election be a hung parliament and thus a decisive role for the Liberal Democrats who at present have the only coherent policy on Europe? There is not much time for the answers.

The author is a former director-general for external affairs in the European Commission and former head of its Washington delegation.

LETTERS

Necessity of a longer-term view of profitability in UK industry

From Mr Simon Haskel.

Sir, While rubbishing Fabian pamphlet Number 547, Economic Short Termism: A Cure for the British Disease, Barry Riley ("Long-Termism and the Left", August 10) suggests that all we need to reverse our industrial decline is to make industry more profitable and leave it to the market.

David Pitt-Watson's paper addresses this very point and stresses the need to take a longer term view of profitability in industry and makes proposals to encourage this.

We in the Labour finance and industry group – yes, even in Islington – are concerned that the size and excellence of our industry has shrunk considerably in recent years and this is being reflected in the decline of the standard of living of our whole population relative to other leading nations.

Even the present government is becoming alarmed about this and is looking at ways of encouraging investment in innovation, technology and training.

Mr Riley refers to "the proprietorial gap left by absentee institutional shareholders". Yes, some of the proposals are designed to fill this gap but, meanwhile, these same absentee shareholders encourage the short term culture by exacting more and more dividends from companies instead of insisting on investment for long term well-being and growth. Earlier this year we had the experience of one institution requesting companies to pay dividends even though they were fighting for their very existence. These same institutions encourage takeovers and deals to earn a quick buck which, by evidence, do not expand industry but contract it and degrade its excellence.

May I recommend this paper to those who are interested in maintaining the standard of living of everybody in this country by encouraging the pre-eminence of a flourishing and thriving manufacturing sector in partnership with an efficient and successful service sector.

Simon Haskel,
chairman,
The Perrotts Group,
63a Ockendon Road,
London N1 3NL

Taken from the jaws of victory

From Mr Robert Bruce.

Sir, Enjoying a Scottish childhood and with a name like mine, I could hardly fail to avoid being reminded, on an almost daily basis, that the Scots won a glorious victory at the Battle of Bannockburn.

So it came as some surprise to read (Arts, August 14) a review of a play called "The Bruce" at the Edinburgh Festival in which your reviewer refers to the battle as one "which the Scots lost".

Presumably he is taking the long view and counting the Battle of Flodden as the away tie in the second leg.

Robert Bruce,
87 Marylands Road,
London W9 2DS

Just trying to be more effective

From Mr Tim Redpath.

Sir, Can you please give advance notice of articles decrying MBAs (Management, August 14). It is difficult enough completing a day's work and writing my dissertation each evening before trying to persuade my wife to type it without her reading your demotivating articles.

It is not even as if I am doing it to "add another nought to my salary" – I'm just trying to be more effective in my job.

Tim Redpath,
66 Horse Street,
Chipping Sodbury, Bristol

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Locate where business lies

From Mr Nicholas Stacey.

Sir, I was heartened to read about the Midland Bank's latest move ("Midland streamlines accounts", August 10) to give more authority to local managers in lending and to recall a few experienced old hands to reinforce this policy. (I suggested reposing more power in local bank managers in my study published earlier this year – Should Venture Capitalism be More Intrepid?)

Perhaps one more step in the right direction for the Midland – as well as for many other companies – would be to transfer its head office to where most of its business is generated and the profits are made – in this instance, in the Midlands. Why in this age of instant communications shouldn't the Midland's head office be in Birmingham? Many companies' overheads could be significantly cut and their balance sheets strengthened by moving back to their principal establishments and selling their London headquarters.

The undue concentration of British manufacturing and trading companies' head offices in London is not quite mirrored in other countries whose industrial and economic performance has consistently outstripped ours. Is there a lesson to be learnt about living above or at least near the shop?

Nicholas Stacey,
Reform Club,
Pall Mall,
London SW1Y 5EW

Challenging the "official" view of Hess's flight to Britain

From Mr John Costello.

Sir, I am astonished by the suggestion of "the manipulation or fabrication of material in order to suggest conspiracies" made by Anthony Verrier in his review (July 27) of Ten Days That Saved the West. Nowhere do I dismiss Churchill's repeated warnings to Stalin of Hitler's impending attack on the Soviet Union. Quite the reverse: My case is that Churchill was prompted to issue his June 10 warning to Moscow as the result of information about Hitler's invasion of Russia obtained from Rudolf Hess.

The secret that is apparently still considered too embarrassing to release to the British public before 2017 is contained in a 1941 report of the US military attaché in London that was declassified for me in the US under the Freedom of Information Act. It jibes precisely with the KGB records that your reviewer dismisses as "dubious sources", namely the first-ever release of the KGB's archival cryptograms from Kim Philby. His Foreign Office informant, currently living in retirement in France, has read my book and confirmed the accuracy of Philby's reports on Hess, which were based on the secret information he unwittingly supplied that has come to light in the Soviet archives.

Newly uncovered US, Swedish, German and Italian records also document that Hess, far from being the lone crank he has always been portrayed by the British to be, was in fact encouraged to make his mission as a result of continuing peace feelers received from Rab Butler and other die-hard appeasers in Churchill's government.

The KGB files, buttressed by stolen reports from Vichy military intelligence headquarters in France, suggest that lures dangled by MI6 reinforced Hess's belief that a dramatic initiative could galvanise the peace faction into overthrowing the warmonger Churchill.

Colonel Frantisek Moravec, the trusted war-time head of Czech military intelligence in London – now revealed to be a long-term Soviet source – in 1942 reported to Moscow that he had been shown the fabricated letters sent from the Duke of Hamilton to Hess's intermediary that precipitated the flight of Hitler's deputy.

The soviet files, corroborated by American intelligence records, now challenge the credibility of the "official" version of the Hess flight still being adhered to in Britain. Since the faintest ink is a more reliable source of historical evidence than the strongest memory, surely it is this version and not Ten Days that Saved the West that derives from the manipulation and fabrication of historical fact. Could this be the reason why the British government still refuses to make public the full record on Rudolf Hess?

John Costello,
2 Lincoln Square,
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FINANCIAL TIMES
Friday August 16 1991

Prospects fade of speedy progress towards comprehensive hostage deal

Israel pursues return of servicemen

By Tony Walker in Jerusalem

ISRAEL will do all in its power to secure the return of its nationals held prisoner in Lebanon, Mr Yitzhak Shamir, Israel's prime minister, pledged yesterday. He warned that negotiations *could still take some time.*

He said: "Let us think about a long process and let us be surprised when the process will be a short one."

Israel insists that it will not hand over any of its 400 or so Palestinian and Lebanese detainees until it receives proof of the fate of seven Israeli servicemen *missing in Lebanon.*

Hopes of quick progress towards a comprehensive hostage deal that would see the release of the remaining westerners held in Lebanon plus Israeli prisoners, have been fading.

Mr Javier Pérez de Cuéllar, the United Nations Secretary General who is co-ordinating negotiations, said *before leaving Geneva yesterday* that he did not know when the remaining hostages might be released. "It could be days or weeks. It depends on how quickly I get a reaction from both sides," he said.

Mr Ali Akbar Velayati, Iran's foreign minister, said in a message to Britain *that Israel was creating the obstacles.* Iran insisted that Israel should be pressed into releasing the Lebanese Shia prisoners which it held, and particularly *Sheikh Abdel Karim Obeid, who* was kidnapped by Israel in 1988.

Mr Uri Lubrani, Israel's chief hostage negotiator, warned in an interview with Israeli army radio that while UN involvement in negotiating a deal improved chances of success, "it must be taken into account this cannot take *place today or tomorrow.*"

Mr Lubrani, who has met Mr Pérez de Cuéllar twice in the past week, said that the UN official was unable to provide fresh details of servicemen who *have gone missing in Lebanon, some as* long ago as the 1982 war.

Mr Ahmed Jibril, leader of the Popular Front for the Liberation of Palestine-General Command, an extremist Palestinian guerrilla faction, said in Damascus this week that three of the seven missing Israelis were alive and were in the hands of the pro-Iranian Hizbollah "party of God".

Mr Moshe Arens, Israel's defence minister, yesterday dismissed the infor*mation.* "There is a lot of disinformation in what Jibril said," observed Mr Arens. "In my opinion there is no need to place any trust whatsoever in the words of this man and do not expect additional information from him on our captives and missing."

Hopes fade of quick deal, Page 4

La Bohème with real Bohemians

Paris is swarming with east European visitors, says **Alison Maitland**

THEY *come to Paris on* overnight buses with tinned food packed into their bags because they cannot afford the price of a meal. They stay in cheap hotels on the outskirts of the city, or curl up in sleeping bags in the parks.

They drive around *slowly* in old-fashioned camper vans or buses that squeeze into parking spaces between the air-conditioned luxury coaches from *Italy and Germany.*

The east Europeans have arrived, and Paris, which already plays host to 9m foreign visitors each year, is struggling to come to terms with this influx of culture-hungry but impoverished tourists. The sheer number of Czechoslovaks, Poles and Hungarians has caused surprise, even though France opened the floodgates by lifting visa restrictions last year.

Alena and Zdenek Musil, who come from near Prague, are installed with their 11-year-old son and five other Czecho*slovaks in a small bus a few* yards from the Eiffel Tower. This is their home for 10 days.

They have brought all the food they need with them, in an elderly refrigerator. They cook with a small microwave oven, wash with a makeshift shower hose, and sleep in the stifling heat in tiny bunks barely big enough for a child.

For the privilege, they have paid 7,300 crowns – two and a half times the monthly average wage in Czechoslovakia. They may not bring out more than 5,000 crowns each per year – the cost of just one night's stay *in a smart Paris hotel.*

What little they spend goes mainly on seeing the sights. "We want to go to the Eiffel Tower, the Louvre and the galleries," *says* Alena, a farm manageress. "We buy a few things – maybe ice cream or cold drinks – but not too much. Here everything is too expensive for us."

Tin can alley: eating out in Paris has its own style for the new Bohemians

The Musil family are relatively fortunate. Many young east Europeans have so little money that they sleep on a night bus to Paris, spend a day or two in the capital, then return home by overnight bus.

They tour the sites on foot in the August heat, unable to afford the métro or an overpriced *litre of bottled water at* the refreshment stalls. Those who sleep on park benches risk being moved on by the police or having their passports and *meagre possessions stolen by* thieves during the night.

The Paris authorities admit to being caught unawares by the size of the influx. No one can say exactly how many visitors have come this summer, although some estimates put the number of Czechoslovaks alone at 200,000.

Mr Jacques Chirac, the mayor of Paris, wrote to the city's police chief at the beginning of August expressing concern about the several hundred campers staying illegally in the Champ de Mars beside the Eiffel Tower or on the outskirts of the official 2,500-place campsite in the Bois de Boulogne.

He asked the police to apply *the ban on camping and cara*vaning in the city's parks and gardens as strictly as possible. "The most prestigious sites of Paris currently look deplorable," *he complained.*

Mr Chirac's staff stress that the measures are not anti-east European – it just happens that most of the illegal campers are from those countries.

Ordinary Parisians vary greatly in their response to the east Europeans. *One woman,* exasperated at the sight of a family frying up their breakfast *in* the back of their camper van in a side street near the Louvre, went off to find a traffic warden, declaring that it was "scandalous".

But a taxi driver, *hearing of* the incident, scoffed at what he saw as intolerance. "She's probably one of those women who lets her dog foul the pave*ment,*" he said. Defending the right of the easterners to western culture, he blamed the city authorities for not providing enough campsites.

"It's quite a worrying problem," admits a member of Mr Chirac's staff. "Some thought will have to be given to the question of tourists who arrive with little money so we avoid a similar situation next year."

The hard thinking will have to be done, *but not just yet* – the key people are all away from Paris on holiday.

Rivals agree plan to end violence in S African townships

By Patti Waldmeir in Johannesburg

SOUTH AFRICA'S main political rivals have agreed a draft plan to end violence *in* black townships, in a move which will speed progress towards talks on a post-apartheid constitution.

The government, the African National Congress and the mainly Zulu Inkatha Freedom Party hope to sign a formal peace accord at a national multi-party peace conference to be held on September 14.

Such an accord would represent the best hope yet of ending township violence which has left nearly 10,000 people dead in the past five years and would remove the last remaining *obstacle to constitutional* talks which could begin as early as October.

The draft agreement, announced yesterday after two *months of negotiations, sets* out a code of conduct for political parties and the security forces. It represents an attempt to overcome acts of *political intolerance perpe*trated by both parties, as well as by some right-wing members of the police force who are accused of siding with the conservative Inkatha party in township battles.

Crucially, the accord would establish a permanent peace secretariat, which would include political leaders and specialised negotiators. It could work with a judicial commission recently established to investigate political violence. A second multi-party committee would include church, business and political *leaders to monitor peace and* help resolve future disputes. A further committee would oversee a socio-economic development programme for black townships.

South African churches and business played a central role in brokering yesterday's accord, after months of inconclusive bilateral talks between the ANC and government, and after a failed peace accord earlier *this year between Mr Nel*son Mandela of the ANC and Chief Mangosuthu Buthelezi of Inkatha. Their positive role in the peace talks has raised hopes that the two groups could also convene multi-party constitutional talks.

The committee which agreed the draft accord said yesterday that it provided "a firm foundation *on* which peace in South Africa can be achieved".

The draft has now been sent to the country's main political leaders, President F.W. de Klerk, Mr Mandela and Chief Buthelezi, and will be circulated publicly before the September conference.

Agreement will also be sought from parties which did not attend the preparatory talks, such as the ultra-radical Pan-Africanist Congress and the ultra-right Conservative Party. The threat of right-wing violence has recently come to prominence, after three whites *died last week in a protest* against political reform.

Yesterday's accord goes well beyond earlier bilateral peace deals, because it provides for a *permanent mechanism to* monitor the peace, and for the involvement of neutral bodies such as the churches and business. However its implementation will test the control exercised by South Africa's political leaders over their followers, and by *Pretoria* over the police force.

Uneasy peace. Page 4

THE LEX COLUMN

Mr Schlesinger's shy start

It will be some time before the markets can decide what yes*terday's quarter point increase* in Germany's Lombard rate reveals about Mr Helmut Schlesinger, the Bundesbank's new President. It could mark him out as a weak political operator, unable to push through the case for a larger *rise with his cannier col*leagues on the central bank's governing council. More likely he is a subtle tactician who has decided to keep up pressure on the markets with the threat of further tightening. Either way round, there is no denying that *the prospect now* is for a period of uncertainty. Yesterday's rise was simply too small for anyone to be sure it was the last in the present cycle.

This is awkward for Mr Norman *Lamont,* who *must have* been hoping for a decisive move now from the Bundesbank. Under that benign course the German inflationary threat would have been nipped quickly in the bud; rates there *might even have been falling* in the run-up to a UK election next year. Instead, there is a real risk of the opposite .

Though there may still be *room for a further* small UK cut in the autumn, the Chancellor will have to be careful not to embark on a course that would have to be reversed around the turn of the year. By then, it now appears, there could be new fears of Bundesbank tightening as a signal to negotiators in Germany's spring wage round.

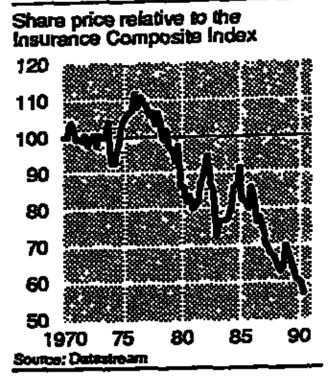
Yet Germany has left itself plenty of room for manoeuvre. *The D-Mark's recovery in the* exchange markets means it was under less pressure to raise rates sharply than appeared to be the case at the last *Bundesbank meeting five* weeks ago. If inflationary pressures do prove too stubborn, it can now deliver a half point increase in the Lombard rate without pushing it into double digits. But that is scant consolation in the UK where yesterday's unemployment, earnings and capital spending figures all suggested that more action on interest rates would not come amiss.

Burton

The announcement of Burton's £60m sale of Harvey *Nichols so soon after* the surprising success of the company's rescue rights issue is a happy coincidence indeed. As for why the shares so signally *failed to react, doubtless back*ers who thought the £161m rights proceeds would allow the group to stave off financial

FT-SE Index: 2,617.2 (+8.4)

Royal Insurance



collapse had the prescience also to consider the benefit to the balance sheet of imminent *asset disposals.*

The deal may have been in the price, but it is nevertheless a pointer to the shape of a Burton come-back. As a single *store, albeit in a prime* location, Harvey Nichols was an obvious candidate for sale, as is the office block in Oxford Street which is probably the next disposal. The money raised on these two sites could be enough to fund the extra £100m or so of spending needed over the next two years on the group's property development portfolio. Burton would then face the same simple test already being *taken by Next;* that of proving its credentials as a retailer. The outcome for both companies is still uncertain.

Glynwed

The stock market has become so fixated on recovery prospects that its reaction to the hopeful interim statement from Glynwed was bound to be euphoric. On closer consideration, however, there is little to justify yesterday's 11.5 per cent gain to 251p in the share price. Glynwed had a predictably *dismal* first half with earnings per share falling by three quarters to 3.65p, not nearly enough to cover the unchanged 4.15p dividend. Even on the *best assumptions, the group is* unlikely to earn enough to cover a maintained dividend for the whole of 1991. Admittedly the market for home *improvement products may* have begun to grow again, but it is hard to see signs of quick recovery in Glynwed's other sectors such as building and *steel products for the motor* industry.

The noises about recovery were, however, loud enough to *divert attention* from the continuing impact of recession on Glynwed's balance sheet. Interest payable has reached *the* point where it is covered only just over twice by operating profit, a ratio well below the industry average.

Royal Insurance

An 8.3 per cent yield reflects the market's continuing doubts *about* Royal. At last night's close of 419p, though, the company probably offers the most interesting gamble on an upturn in the cycle. The balance sheet is still far from robust. But if bond and equity markets continue to move in the *right direction and losses* can be reduced in the second half, it is possible to see the solvency ratio moving up from its current 38 per cent to a *safer level in the* mid 40s. With the loss ratio in the US apparently moving in the right direction, the major uncertainty, as with the other composites, centres on the UK. The underlying trend seems to be improving, and on the motor account at *least Royal is showing that it* is prepared to sacrifice market share. The big unknowns are to what extent subsidence claims will worsen, and how far building *societies will add* to the mounting mortgage guarantee losses.

Mountleigh

Mountleigh's recent strategy and last month's rescue rights had already left Messrs Peltz and May trying to plug a major credibility gap in the market. Yesterday's public censure of their share dealings by the Stock Exchange – a rare form of reprimand aimed previously at certain directors of Polly Peck International and Tottenham Hotspur – hardly seems *likely to restore the* affections of investors.

Because the dealings were off market it appears that there is no insider dealing offence; *the Exchange's conclusion that* there was no intention to mislead also clears the duo of any charge of market manipulation. None of this, however, rules *out a civil action by* aggrieved shareholders or prevents institutions using yesterday's announcement as a chance to change the composi*tion of the board. The pro* forma balance sheet accompanying the rights issue showed net assets of more than 90p per share; at last night's close of 24p(1p below *the rights issue* price) it seems that the present incumbents are none too skilful at extracting value.

Brazil opens way for steel sale

By Victoria Griffiths in Sao Paulo

BRAZIL has given the go-ahead to privatise Usiminas, *the steel group, in the coun*try's first national flotation. The company is expected to be auctioned on September 24.

The National Development Bank (BNDES), which is in charge of privatisation, won a victory on Wednesday night when a *Brazilian* judge overturned a legal decision suspending privatisation of the company.

The privatisation of Usiminas had been blocked by a lower court two weeks ago in support of unions' claims that the sell-off was contrary to public interest. Two other barriers to Usiminas' privatisation have also been removed.

A federal court ruled late on Wednesday that debt swaps will be allowed as a currency in the privatisation process. The use of debt swaps, which are expected to be the main currency in the sale, had been legally challenged. Usiminas has also obtained permission *from its international creditors* to go ahead with the sale.

Citibank, concerned about a large exposure to Usiminas' former parent Siderbras, had been reluctant to *offer its con*sent. The Brazilian government proposed a rescheduling of Siderbras' debts last week. In return, Citibank gave the go-ahead for the privatisation of Usiminas.

US businessman alleges Rubin misused his Swiss bank acount

By Norma Cohen, Investments Correspondent, in London

MR DAVID RUBIN, the north London businessman who disappeared owing investors an estimated £60m, used a numbered Swiss bank *account* in the name of an associate to obtain millions of dollars from two New York businessmen, the associate has claimed in court documents.

In an affidavit filed with the US Federal Court for the Eastern *District, in Brooklyn, New* York, Mr Elie Elhyani, a business associate of Mr Rubin, alleged that Mr Rubin and an employee of Discount Bank and Trust in Geneva operated a bank account in his name without either his knowledge or *consent.*

The account included a $12m credit facility, which Mr Elhyani said he did not know about and had never requested. Discount Bank sought to collect against the letter of credit, claiming that a $2m letter of credit from the New York businessmen was due.

The bank said Mr Elhyani had given Mr Rubin power of attorney over the account – a *contention Mr Elhyani denies.* Mr Elhyani says his passport shows that he was in the US and Canada on the date he is alleged to have signed documents in Geneva to that effect.

The documents were filed in connection with an effort by *two New York brothers,* Mr Louis Kestenbaum and Mr Moshe Kestenbaum, to prevent $2m of their funds being transferred to the account controlled by Mr Rubin.

The Kestenbaums said they were persuaded to lend more *money to Mr Rubin after he* showed them invoices and shipping documents that had later proved to be fraudulent.

In affidavits filed with the US court, the Kestenbaums said they had extended a total of $5m in trade finance to Mr Rubin *which* had not been repaid. Furthermore, they allege, Mr Rubin and an employee of Discount Bank deceived them into altering the *terms of a standby letter of* credit that allowed funds to be paid to Mr Rubin's account even if he never completed the transaction which the funds were intended to finance.

The court documents provide the first public glimpse of *the far-flung enterprises of Mr* Rubin who is said to owe money to investors in the US, Canada, London, Zurich, Antwerp, Amsterdam and Israel. Investors' losses are conservatively estimated at £60m.

The documents say Mr Rubin *controlled companies* and bank accounts in various countries. He owned David M Rubin and Associates in London, Accessories Agencies Ltd and Papyrus Export in Gibraltar and Meridian Trading in Hong Kong, as well as a ware*house facility in Antwerp.*

Salomon bond deals known for months

Continued from Page 1

larly lied to federal agencies about the quantities of government securities it had traded in *the bond markets. The firm* overstated the amount of trading in order to improve its chances of being allocated enough new bonds and notes *to meet customer demand.*

In an effort to defuse the situation, Salomon has suspended four employees involved in the illegal activities, including two senior managing directors, and *pledged to set up a committee* of outside directors to review its bond trading practices.

The firm, however, is already under investigation by *the Securities and Exchange* Commission, the US regulatory agency, as well as by the Federal Reserve and the antitrust division of the Justice Department over its activities in the bond *markets.*

Salomon faces possible debarment or suspension from the Treasury markets, criminal prosecution, and a large fine. It could also *face* lawsuits from its investors.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	F	28	82
Algiers	S	35	95
Amsterdam	S	25	77
Athens	S	32	90
Bahrain	S	38	100
Bangkok	F	33	91
Barcelona	S	27	81
Beirut		–	–
Belfast	C	18	64
Belgrade	F	21	70
Berlin	F	24	75
Biarritz	F	23	73
Bombay	F	28	82
Bordeaux	F	27	81
Boulogne	S	21	70
Brussels	S	26	79
Budapest	F	20	68
Buenos Aires	C	23	73
Cairo	S	33	91
Cape Town	C	14	57
Caracas	C	28	82
Casablanca	S	25	77
Chicago	S	20	68
Cologne	[illegible]	24	75
Copenhagen	S	19	66
Corfu	S	31	88
Dallas	C	22	72
Dublin	S	21	70
Dubrovnik	S	29	84
Edinburgh	F	19	66
Faro	S	25	77
Florence	S	30	86
Frankfurt	F	26	79
Geneva	S	27	81
Gibraltar	S	27	81
Glasgow	F	19	66
Helsinki	T	21	70
Hong Kong	C	27	81
Innsbruck	F	24	75
Inverness	C	18	64
Islamabad	F	35	95
Istanbul	S	29	84
Jakarta	F	33	91
Jersey	S	21	70
Johannesburg	S	20	68
Lima	C	18	64
Lisbon	S	28	82
London	S	23	73
Los Angeles	Dr	18	64
Luxembourg	S	25	77
Madeira	S	26	79
Madrid	S	35	95
Majorca	S	30	86
Malaga	S	29	84
Malta	S	33	91
Manchester	C	21	70
Manila	R	30	86
Melbourne	F	13	55
Mexico City	C	28	82
Miami	S	26	79
Milan	S	28	82
Montreal	S	21	70
Moscow	F	15	59
Munich	S	24	75
Nairobi	F	21	70
Naples	F	29	84
Nassau	F	33	91
New Delhi	S	36	97
New York	F	24	75
Nice	S	27	81
Nicosia	S	28	82
Oporto	S	21	70
Oslo	F	20	68
Paris	S	29	84
Peking	S	31	88
Prague	S	22	72
Reykjavik	S	15	59
Rhodes	S	28	82
Rio de Janeiro	C	25	77
Rome	S	27	81
Salzburg	F	23	73
San Francisco	C	15	59
Seoul	S	33	91
Singapore	F	31	88
Stockholm	F	22	72
Strasbourg	S	27	81
Sydney	S	18	64
Taipei	F	35	95
Tangier	S	25	77
Tel Aviv	S	30	86
Tenerife	S	27	81
Tokyo	S	27	81
Toronto	S	19	66
Tunis	F	32	90
Valencia	S	31	88
Venice	S	28	82
Vienna	F	23	73
Warsaw	F	23	73
Washington		–	–
Zurich	S	26	79

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
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INSIDE

Battle for Fairfax draws to end

The Melbourne-based Australian Independent Newspapers consortium is the favourite to win the bid battle for the Fairfax newspaper group after winning the support of Australia's two biggest financial institutions. Page 19

Dispute halts coal shipments

Great Western Resources, the London-quoted US coal, oil and gas company, has suspended shipments to a customer responsible for almost 53 per cent of total group revenue in a legal dispute over supply contracts. Page 22

Chilean miners reject offer

The two-week old Chilean copper mine crisis deepened yesterday with the surprise rejection by union members of the latest contract offer by the Chilean Copper Corporation. Page 24

UK trust raises dividend

Foreign & Colonial, the UK's largest investment trust, yesterday raised its interim dividend 7 per cent, after a strong first half in which net asset value rose by 24 per cent. Page 22

Brussels takes stock

Beset by financial difficulties, the city fathers of Brussels have considered selling the 19th century stock exchange building. Unfortunately the most likely buyer – the bourse – is equally strapped for cash after a fall off in trading volume, a costly fire and high start-up costs for the new Belgian futures and options exchange. Page 20

From scourge to saviour

Once maligned for adverse their affect on Tokyo trading, foreign investors may turn out to be the saviours of the Japanese stock markets. With confidence damaged by recent scandals, Japan's investors are now being urged to follow the investment strategies of overseas buyers. Back Page

Strong half for San Miguel

San Miguel, the Philippine food and beverage group, saw net income for the first six months of 1991 climb to 1.52bn pesos ($57m) from 1.04bn pesos over the comparable period. Page 19

Hickson falls 44%

Redundancy costs and losses in the non-core floor covering business were among the causes of a 44 per cent fall in interim pre-tax profit at Hickson International, the formerly acquisitive chemicals concern. Page 22

Correction: Robert Maxwell

In yesterday's Financial Times, it was incorrectly reported that Goldman Sachs held shares in Maxwell Communication Corporation and Mirror Group Newspapers as collateral for loans to Robert Maxwell personally. In fact, the loans were made to Robert Maxwell Group, a company formed as a vehicle for activities formerly carried on by Mirror Group Newspapers but which were separated out on the MGN flotation.

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Stiring Berg	970	+	10
Fag Kugel	271	+	12
Karstadt	625.5	+	6
Rheinelektra	1338	+	31
Falls			
Rosenthal	280	–	11
Zand Feinpap	295	–	6

NEW YORK ($)

Rises			
Black & Decker	17	+	⅞
Falls			
Icos Corp	17¾	–	2
Merrill Lynch	42	–	¼
Salomon Bros	27½	–	4⅞
Storage Tech	45⅛	–	1⅞
Wal-Mart Stor	50⅛	–	1⅜

TOKYO (Yen)

Rises			
Hokko Chem	1200	+	70
Falls			
Iwatsu Elect	631	–	44
Kinsho-Matai	540	–	55
Nippon Carb	975	–	75
Nippon Coms	1280	–	120
Toei	823	–	55

Paris closed. New York prices at 12.30pm.

LONDON (Pence)

Rises			
ADT	540	+	20
Barratt (H)	53	+	11
Blenheim	973	+	45
Central ITV	863	+	48
Clarke (T)	163	+	14
Croda	182	+	7
Dawsongroup	54	+	5
Glynwed	251	+	26
Hickson Int.	180	+	11
Legal & Gen.	459	+	13
McKechnie	305	+	12
MB Caradon	249	+	11
Securigard	95	+	11
TSB Channel	149	+	11
Falls			
Airtours	673	–	18
BP	331	–	5
Elect. Data	212	–	10
Grt. Western	33	–	6
Levercrest	45	–	5
Sunlt	60	–	5
Ultramar	283	–	11

London Stock Exchange criticises US executives for share dealings

Mountleigh directors censured

By Andrew Bolger in London

TWO US executives were publicly censured yesterday by the London Stock Exchange for their share dealings in Mountleigh Group, the deeply indebted British property and retail company of which they are directors.

Mr Nelson Peltz and Mr Peter May, former associates of Mr Michael Milken, the fallen US junk bond king, were criticised for selling shares in the group less than two months before it announced a £96m ($161m) annual pre-tax loss and launched a controversial £96m rights issue on July 5.

The two US directors, who bought control of the company from Mr Tony Clegg in 1989, sold an 11.27 per cent stake to the Gordon Getty Family Trust on May 20 at 100p per share, a 20p premium to the market price.

The shares fell sharply from 54p to 36p when the two-for-one rights issue was announced at 25p per share. Last night the group's shares had already closed down 1p at 24p before the Stock Exchange made its statement.

The exchange's quotations panel also said that Mr Clive Strowger, chief executive of Mountleigh, should be censured for failing to consult the exchange before consenting to the transactions.

The exchange said the directors had breached its model code of conduct by dealing in a close period, while in possession of price-sensitive information, and by failing to consult the exchange.

However, the panel did not consider there was any intention to mislead, indicating this was not a case of market manipulation, punishable under section 47 of the Financial Services Act.

These were off-market transactions so the question of insider dealing also does not arise. The Department of Trade and Industry was not available for comment but it is unlikely the authorities will pursue the matter much further.

Mountleigh said last night that all three directors rejected the exchange's "unfounded and unwarranted" criticism and would respond to the exchange. Their actions had been cleared with Herbert Smith, a leading City of London firm of solicitors, and were entirely proper.

Mountleigh, which owes a net £610m, told the exchange severe cash contraints caused it to consider the rights issue. It maintained that at the time of the share sale no decision had been taken to bring forward the results announcement and the company's financial situation made the circumstances of the sale exceptional.

The rights issue closes at 3pm on Monday. The Stock Exchange said it felt was important it should make its views clear before shareholders decided to subscribe.

Sweat and toil for Ultramar managers

Deborah Hargreaves reports on why the diversified oil and gas company has upset institutional investors

THE OIL price might have at the back of Mr John Darby's mind in the past month as the chairman of the National Home Loans board sought to protect the mortgage lender from the fall-out of the BCCI collapse.

But on Wednesday he was forced to announce a wide-ranging management review, this time at Ultramar, the oil and gas company, which he also chairs and where weak oil prices caused a stock loss of nearly £50m ($84.5m), pushing the group into a £21.6m loss for the first half of the year.

Investors, long perplexed by the direction of the company which does not fit easily into any oil industry category, are eager for corporate change.

Mr Darby has promised to look at all parts of the diversified company's business to ensure that all can pay their way and; if not, they could be put up for sale.

"We will make all assets under our control sweat," he said, as part of an attempt to reduce the company's debt-to-equity ratio which rose this year to 87 per cent from 77 per cent. Mr Darby wants to reduce debt to bring gearing down to between 65 per cent and 70 per cent in the next six months.

The company must also boost its cashflow which fell by two-thirds in the first half to £31.7m from £93m last year. Mr Darby is keen to blame this on the £48.9m stock loss caused by the fall in oil prices, pointing out that when the effects of stock losses are stripped out, the company's profit rose by just under £3m.

He is eager to get this message across to a disgruntled band of institutional investors who have pushed Ultramar's shares down by more than 30 per cent this year. But some institutions have become so alienated by the management style of Mr Darby and his fellow directors that they even question the company's existence in its current form.

The company's range of assets in exploration and production on one side and refining and marketing on the other, make it integrated in name only. In practice, it enjoys few of the benefits of combination as it rarely uses oil produced in the North Sea or liquefied natural gas from Indonesia as a feed for its refineries in Canada and California.

The fact that it has assets in the upstream and downstream parts of the business, however, see the stock market giving it a value based on earnings growth rather than asset value – a measure used to judge the performance of the UK's independent exploration and production companies.

Ultramar must now concentrate on producing better earnings to satisfy shareholders, but in doing so, could run the risk of sacrificing future growth.

The $100m cut in its capital expenditure programme this year to $385m curtails development work on oil and gas prospects which is crucial for growth in five or 10 years' time, although it has said it will not cut back on projects offering the highest returns.

Ultramar's production profile is set to grow by 150 per cent in the next five years with most of the growth coming from gas projects. It has said it could be in the market to swap some of its longer term production prospects for assets that will start output sooner.

But the City's disaffection with the company goes deeper than this year's loss and some analysts doubt the company can bring down gearing without cutting into the core of its business.

"The management is forever turning on a sixpence," says Ms Christine Baker, analyst at Nomura International. "There appears to be an inability to read what's happening in the business and to respond to it rapidly."

Ms Baker points to the fact that Ultramar has suggested it may now sell many of the Canadian petrol stations it acquired last year from Conoco as evidence of management's indecision. "There is not much else to sell," she said. "They've already made a lot of disposals cutting into the fat acquired in the expansion of the 1980s."

Mr Darby counters claims of management indecision and a lack of clear strategy: "Since 1987 we have shown a 28 per cent compound growth in earnings per share. Our strategy is to build our core oil and gas business in four main areas. The US upstream may become a fifth business."

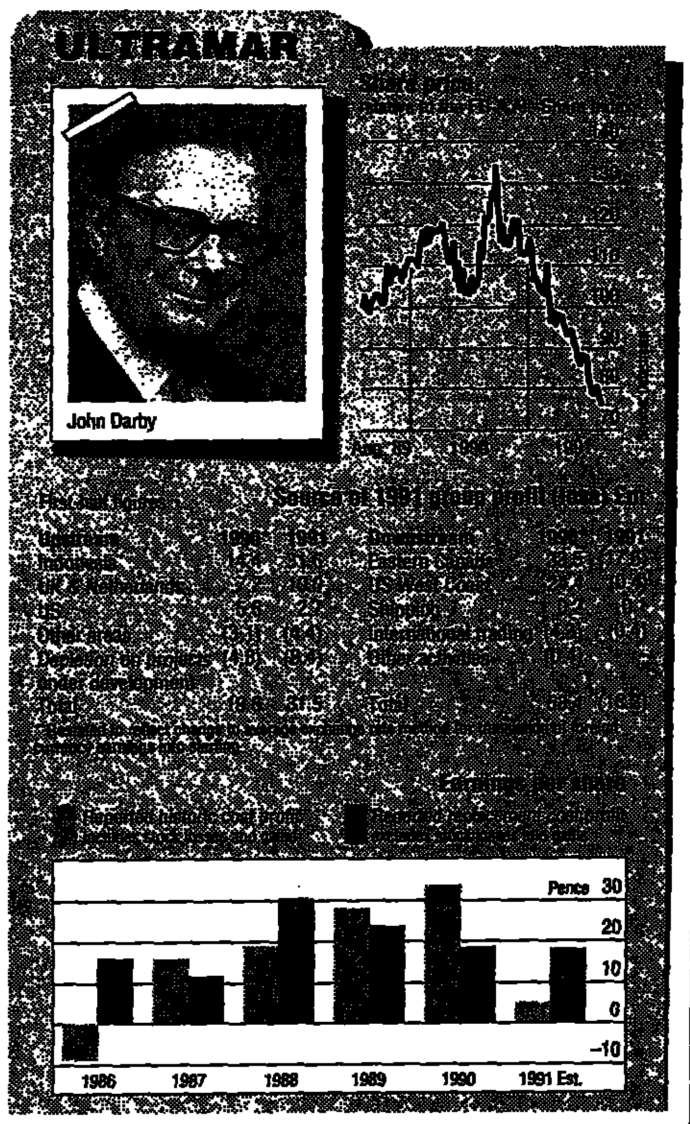
One fact that focused the annoyance of the institutions more than anything else was Ultramar's decision to proceed with a dividend increase of 17 per cent for last year – a decision announced in March when the scale of this year's downturn must have been apparent.

With the company failing to raise the interim dividend of 3.5 pence a share this week, the outlook is for a flat dividend this year. "We made the decision to raise the dividend in light of a more optimistic forecast for 1991 when we did not expect the recession in Canada and California and the stock overhang to bite so severely," Mr Darby insists.

Disgruntlement has also focused on the rate of directors' remuneration from share options and pension payments last year when payments to the directors' pension scheme leapt to £6.2m from £1.9m the previous year.

With operational management in New York and financial control in London, analysts are concerned about management inefficiencies and some institutions suggest it should be split into its upstream and downstream parts, but Ultramar will resist this.

Ultramar will be looking for more sympathy from the market if it is forced to go for a rights issue later this year to reduce debt, as many in the City of London believe it will.



Losses at Royal Insurance increase sharply to £97m

By Richard Lapper

THE difficulties of the UK insurance market were underlined yesterday when Royal Insurance, a leading composite (life and general) insurer, reported a sharp increase in pre-tax losses in the first six months of 1991 to £97m ($163.9m).

Royal could only maintain its interim dividend at 11.25p, a decision which Mr Ian Rushton, vice-chairman, said was taken after "careful consideration".

Although completely in line with expectations, the loss was about 50 per cent higher than the £65m deficit recorded at the half-way stage last year which was caused mainly by claims from heavy storm damage.

Like its UK competitors, General Accident and Commercial Union who reported losses earlier this month, Royal has been hit by recession and weather-related losses.

Royal's results were adversely affected by claims of £45m (£8m) on mortgage guarantee business as a result of loan defaults; and £55m (£20m) from subsidence damage to domestic property.

This contributed to underwriting losses of £195m in the UK, up 61 per cent compared with last year.

Overall world-wide premium income shrank from £1.9bn to £1.7bn principally reflecting a reduction in US business. That decline was in turn partially affected by the strength of the dollar compared with last year. Life premiums rose to £527m (£523m).

Losses of £181m – from underwriting (£144m), loan interest on group financing (£29m) and from the UK estate agencies (£8m) – were offset by by life profits of £31m, investment income of £33m and a share of £20m in associated companies' profits.

Ashley Ashwood

Richard Gamble

Mr Rushton insisted that the loss concealed an "improving trend in a number of areas" such as more disciplined underwriting and rising rates.

UK premium income fell in real terms with an nominal increase from £725m to £727m, indicating that Royal has been prepared to sacrifice market share.

This has been particularly true in the commercial fleet business where market premium income fell from £96m to £86m.

Measures to streamline management and reduce expenses are beginning to bear fruit, says the company. Worldwide expenses were reduced by 6 per cent from last year.

Some 650 jobs have been cut in the UK over the past 18 months, said Mr Richard Gamble, chief operating officer. A further 350 jobs will be lost before the end of the year.

Outside the UK the picture was relatively bright, particularly in the US which accounts for a quarter of revenues and has been a source of concern for Royal in the past.

Royal reduced its premium income from £665m to £432m and pre-tax losses fell from £52m to £16m.

The group's balance sheet has recovered since the end of the year. Capital and reserves amounted to £1.8bn compared with £1.6bn, with the solvency margin increasing from 32 per cent to 35 per cent.

Lex, Page 12

Thomson confident despite 32% fall

By Bernard Simon in Toronto

THOMSON Corporation, the Canadian-owned travel and publishing group, suffered a 32 per cent drop in second-quarter profit. However, the group has noticed a marked improvement in its travel operations in recent months.

Net earnings fell to $71m (13 cents a share), from $104m (20 cents a share) a year earlier. Sales improved to $1.4bn from $1.35bn.

The recent improvement was reflected in a decline of only 7 per cent in operating profit for the three months from a year earlier, compared with an 82 per cent plunge in the first quarter.

Thomson Travel, Britain's largest tour operator, bounced back to a $32m operating profit in the second quarter from a loss of $49m in the previous three months when business was hit hard by the Gulf war.

The company painted an encouraging picture of the short-term outlook, due partly to the collapse of its major competitor, the International Leisure Group.

Thomson Tour Operations has boosted the number of holidays available for summer 1991, and the company said sales were likely to exceed last year's level.

Early demand for winter holidays was "encouraging". This improvement prompted Britannia Airways to defer the sale of some of its aircraft.

Operating profit of the information and publishing division, centred in the US and Britain, dipped to $76m from $86m.

The worst-hit businesses were UK regional newspapers and the specialised information and publishing group, which continue to suffer from the steep decline in advertising revenues.

North American newspapers are still feeling the pinch of recession, with advertising lineage down 6.9 per cent in the first half of this year, compared with a year earlier. Circulation is also down.

The company said however, that "there are signs that markets are stabilising."

Thomson's cash flow will be significantly boosted in coming years by a decision by a Thomson family company to extend the period during which it takes dividends in the form of shares rather than cash.

The controlling shareholders have extended their participation in the company's dividend reinvestment plan to June 1997 from mid-1992. A Thomson official said yesterday that this decision could lift cash flow by between $70m and $80m a year.

Glynwed points to recovery after weak results

By Paul Cheeseright, Midlands Correspondent

THE market value of Glynwed International, a barometer of the UK engineering sector, rose yesterday by nearly 12 per cent in abnormally heavy trading as investors disregarded a dispiriting set of trading figures and scented the possibility of recovery from recession.

Mr Gareth Davies, the chairman, encouraged that view. "All we're signalling is that in some sectors we're coming out of recession and in other ones we've bottomed," he said.

He warned that "the timing and pace of recovery in the UK is still uncertain" but added: "Glynwed has now withstood the worst and the second-half performance will show an improvement over that of the first six months."

Pre-tax profits of the Birmingham-based group for the first half to June were a meagre £10.4m ($17.4m), compared with £40.4m in the 1990 first half.

Glynwed is dipping into reserves to cover the full costs of both an interim dividend maintained at 4.15p and further business closures.

But the share price jumped to close 26p up at 251p, taking the value of the group to more than £514m.

The market was relieved that rumours of a rights issue had been laid to rest. It took the fact that the dividend had not been cut as a sign of confidence.

With 66 per cent of its sales in the UK, Glynwed is more exposed to the domestic market than other major British engineering groups. What is happening is that the sectors first into the recession, such as home products, are now recovering and sales have been improving for three months.

Although Glynwed's plastics division and its engineering business have been holding up well, the tubes and fitting business is running at a loss, the demand for engineering steels is low and the depressed construction industry is holding back the sale of iron products.

The first-half figures reflect low demand and tighter margins.

Glynwed responded by rigorous cost cutting: this led to 900 redundancies in the UK and reduced the domestic workforce to 10,500. Further closures of peripheral businesses are on the way.

Lex, Page 16

Aktivbanken earnings decline to DKr54m

By Hilary Barnes in Copenhagen

AKTIVBANKEN, the banking arm of the Topdanmark insurance group, yesterday announced that pre-tax profits were down to DKr54.69m ($8.13m) from DKr60.90m.

However, the company described it as "a significant operating improvement". In the second half of last year the company returned a substantial loss which pushed the group into a DKr36m deficit for the year.

A big improvement in the value of the securities and foreign exchange adjustments to DKr150.4m from DKr55.9m last year was a main factor in the improvement in the bank group's first-half improvement.

Some DKr114m of this arose from currency adjustments, which indicated that the bank had consolidated its position as a significant participant in foreign exchange markets, said the interim statement.

Net profits from interest and fee income were down from DKr470.2m to DKr460.2m.

Bad debt provisions increased from DKr80.6m to DKr118.9m, reflecting continued poor business conditions in Denmark with bankruptcies running at a high level.

Executives stand their ground as Salomon flak flies

Patrick Harverson examines the leading US securities house's cool response to a financial scandal

In a speech to his troops five years ago, Mr John Gutfreund, chairman of Salomon Brothers, spoke of the firm as the "greatest trading organisation the world has ever known".

It was a boast typical of the man and the company, and one that only Nomura Securities of Japan could seriously challenge.

Yet these two trading giants today find themselves knee-deep in the dirt kicked up by a financial scandal. Nomura's misdemeanours – it compensated favoured clients for losses and tolerated links to known gangsters – have been covered extensively in the world's press. Top Nomura executives have resigned, and the company has been forced to bow its head in shame.

Salomon's misdeeds – it has admitted to rigging the bidding process for new issues of US government securities – have attracted less publicity, primarily because it has been difficult to identify the victims of its actions other than the other big dealers who operate alongside Salomon in the US bond market. So far, no one at the firm has resigned, and contrition is notable only by its absence.

Yet Salomon's transgressions are increasingly being viewed by Wall Street as a breach of market rules and financial proprietary equal to Nomura's, and an issue that could lead to the downfall of Salomon's senior management.

Last week Salomon admitted to breaking government bond market rules by falsifying customer orders for securities, and breaching the US Treasury's 35 per cent limit on the amount of an issue any one firm can bid for. The limit exists to prevent any one dealer or investors from cornering the market in a new issue of securities.

These admissions were serious enough, but late on Wednesday Salomon made a further, more damning confession. It said that management first knew that Treasury rules had been broken in late April, and again a few weeks later in May, but it did not report the infractions to the regulatory authorities until the middle of August.

Salomon's explanation for the delay – it was due to "a lack of sufficient attention to the matter", said the firm – is unlikely to satisfy the Securities and Exchange Commission (SEC), the anti-trust division of the Justice Department, and the Federal Reserve, all of whom are investigating Salomon's activities in the bond markets.

John Gutfreund, left, and Thomas Strauss – standing firm under pressure to resign

The extent of Salomon's activities are only now coming to light. It has admitted to: a four-month delay in reporting the rule violations; that it exceeded Treasury limits on four separate occasions; that customer orders were falsified (one false order for $1bn was blamed on a practical joke that went wrong); and that it regularly lied about the quantities of securities it had traded so that its chances were improved of being allocated enough new securities to satisfy customer demand.

The growing list of misdemeanours has put the senior management of the firm under pressure to resign. Although two managing directors in charge of the Treasury securities trading desk, Mr Paul Mozer and Mr Thomas Murphy, have been suspended, Mr Gutfreund, Salomon's chairman, Mr Thomas Strauss, its president, and Mr John Meriwether, the vice-chairman, are standing firm.

The absence of senior resignations has not surprised those familiar with Salomon. Mr Michael Lewis, the former Salomon trader who wrote Liar's Poker, a revealing account of his time at the firm during the 1980s, said on Wednesday that almost anything could happen and the chairman did not have to take responsibility for it. "If this had happened at a Japanese firm, Mr Gutfreund would have been asked to resign."

There is a feeling on Wall Street that Salomon may have originally underestimated the impact its admissions might have, both on its own reputation and business, and on the regulatory environment.

The $2,200bn US government bond market is the biggest financial market in the world, with well over $100bn in securities traded every day. The process of issuing new Treasury securities is how the US government raises money for its budget, and any instance of tampering with that process is viewed as highly serious, no matter how big the firm.

As the biggest primary dealer in US government securities, some have argued that Salomon will escape severe censure. The Treasury relies heavily on the big dealers to provide liquidity in the bond market, and any action that hinders Salomon's ability to operate in the market could ultimately raise Treasury funding costs.

However, the authorities will not want a breach of the rules to pass without some disciplinary action being taken. It is possible that Salomon will be stripped of its status as a primary dealer allowed to trade government bonds directly with the Fed. A more likely and less severe punishment would be the firm's temporary disbarment from Treasury auctions, probably accompanied by a multi-million dollar fine.

Yet Salomon also faces possible criminal fines because of the fraudulent customer orders, and potential civil damages if shareholders and market dealers go ahead with their threat to sue the firm for fraud.

The effect of the scandal on Salomon's bond business cannot be gauged yet. Rival dealers have already been working hard at persuading Salomon's customers to defect. Few would probably want to jump ship. For an institution regularly investing in large amounts of government bonds, Salomon is a powerfully ally. Its muscle in the market – derived from the very ability to dominate new issues that has got it into trouble – means clients stand a better chance than their competitors of getting new securities at the price and in the size they require.

Investment managers at big funds are too hard-nosed to think of shunning Salomon because the firm threw its weight about too heavily in the market. The views of an investment officer at one of the state public pension funds summed it up last week when he said the fund would continue to do business with Salomon "when it's to our benefit". If, however, Salomon loses its primary dealer status, customers could leave in droves.

Yet the effect of defections on the bottom line would not be cataclysmic. The bulk of the firm's bond trading profits are generated by business done on its own account. The firm is able to rely so heavily on proprietary trading because it is prepared to risk committing vast amounts of its own capital to the market.

The greatest impact of the Salomon scandal could yet be on the entire primary dealer community. The 1986 Government Securities Act is due up for re-authorisation in October, and in light of Salomon's actions it seems likely the SEC will ask Congress to grant it greater supervisory powers over government bond market practices.

Arcade Shipping rejects offer for drilling stake

ARCADE SHIPPING, the listed drilling rig group, has rejected an offer to acquire its 42.6 per cent holding in Arcade Drilling, its major subsidiary, writes Karen Fossli in Oslo.

Reading & Bates proposed a share exchange on undisclosed terms as consideration for the stake in Arcade Drilling. If the offer had been accepted Reading & Bates' holding in the Norwegian group would have increased to 74 per cent.

"The board could not accept Reading & Bates' final offer . . . as it did not reflect the market value of the drilling shares based on the underlying assets' value," Mr Erling Lind, chairman of Arcade Shipping, said yesterday.

Arcade Shipping has been seeking to sell its stake in Arcade Drilling and re-invest the funds in shipping.

Mr Lind further warned shareholders that there is considerable risk that Reading & Bates may use its position "to the detriment" of other shareholders.

An extraordinary general meeting will be held on September 9 when the fate of the company is expected to be decided.

Last June Reading & Bates demanded four out of six seats on Arcade's board and Mr Lind expects that a similar demand will be made at the September meeting.

"The board is convinced that other shareholders [in particular companies controlled by the Blystad brothers and/or their partners] are acting in concert with Reading & Bates, thereby increasing the total number of shares under Reading & Bates' control," Mr Lind said.

Exacerbating Arcade's situation is the fact that Sonat Inc, a US company listed on Wall Street which owns Sonat Offshore, a major competitor to Reading & Bates, also owns 22 per cent of the shares in Arcade Drilling.

● Freia Marabou, the Norwegian confectioner, chocolate and snacks producer, announced an 11 per cent increase in half-year pre-tax profits to NKr225m ($33.15m) from NKr203m in the same period a year earlier.

The group also forecast that second-half profit growth would equal the rate achieved in the first half-year result.

Group turnover increased by 14 per cent to NKr2.66bn from NKr2.33bn while earnings per share rose 10 per cent to NKr7.40 from NKr6.72.

For the chocolate division, operating profits increased 14 per cent to NKr124m. For confectionery, operating profits rose to NKr16m, also a 14 per cent increase, while for snacks a 13 per cent rise in operating profits to NKr51m was posted.

Freia Marabou said that for the "other" products division a 16 per cent increase to NKr78m in operating profits was achieved.

In the first six months of this year the company invested NKr167m in chocolate production, including a new chocolate factory in Belgium.

AIN consortium cements lead in Fairfax bid stakes

By Kevin Brown in Sydney

AN all-Australian consortium bidding for the Fairfax newspaper group appeared to have cemented its lead over three rival consortia yesterday after attracting further institutional support.

The Melbourne-based Australian Independent Newspapers (AIN) consortium became favourite to win the race for Fairfax on Wednesday after winning the crucial support of the AMP Society and National Mutual Life, Australia's two biggest financial institutions. Mr Simon McKeon, a member of the Macquarie Bank team which is advising AIN, said further institutions had offered their support, but would not disclose their identities.

AMP, National Mutual and Commonwealth Funds Management, a leading funds manager, are each thought to have promised up to A$50m (US$39m) to finance the acquisition of Fairfax, which publishes the Sydney Morning Herald, The (Melbourne) Age and the Australian Financial Review.

Fairfax was put into receivership by its banks in December after failing to generate revenue to repay debts of A$1.3bn. It also owes US$450m to holders of junk bonds.

Dr Tony O'Reilly, the Irish media proprietor who is also chairman of Heinz, the US foods group, flew into Melbourne last night, sparking speculation that his Australian Provincial Newspapers consortium would seek to amalgamate with AIN. However, Mr McKeon said he saw no need for AIN to join any of the other three bidders for Fairfax.

Mr Chris Corrigan's Jamison Equity consortium, which is backed by the London-based AFP Group, said it was still a viable bidder, in spite of reports it would withdraw following its failure to attract institutional support.

Mr Conrad Black, chairman of Hollinger, the Canadian media group, said his joint bid with Hellman and Friedman, the US merchant bank, and Mr Kerry Packer, the Australian media proprietor, would also continue talking to the Fairfax receiver.

However, analysts said Australian institutions were clearly attracted to the simplicity of the AIN consortium, which would avoid the complications of overseas participation and potential conflicts with media cross-ownership laws which could affect the O'Reilly and Black bids.

SEC alleges fraud at MiniScribe

THE SECURITIES and Exchange Commission has charged 16 former executives of MiniScribe with fraud over an alleged scheme to inflate the computer disk drive makers revenues, writes Louise Kehoe in San Francisco.

The lawsuit, filed in Colorado, alleges that MiniScribe's earnings were overstated by $4.5m in 1986, $22m in 1987 and by more than $30m in 1988. The federal regulators charge that the executives falsified MiniScribe's financial records and, in an elaborate scheme to mislead auditors, shipped boxes of bricks labeled as disk drives and then recorded the transaction as sales worth over $4m.

The alleged fraud came to light in 1989 when a newly-appointed chairman of MiniScribe ordered an investigation.

MiniScribe filed for Chapter 11 bankruptcy protection last year and its assets were acquired by Maxtor, another US disk drive company.

The SEC said seven defendants had reached agreements with regulators to repay $139,402, plus interest, and to pay civil penalties of $99,885. The other nine include former MiniScribe chairman Mr Q.T. Wiles, formerly vice chairman of Hambrecht & Quist.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Latest prices at 6:10 pm on August 15

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	102¼	102¾		7.17
ALBERTA PROVINCE 9 3/8 95	600	105¼	105¾		7.88
AUSTRIA 8 1/2 00	400	100¾	101¼	+¼	8.36
BANK OF TOKYO 8 3/8 96	100	100¼	100¾	-⅛	8.32
BELGIUM 9 5/8 98	250	106¼	106¾		8.39
BFCE 7 3/4 97	150	99¼	99¾		7.88
BNP 8 5/8 94	300	102¾	103¼	-⅛	7.55
BP CAPITAL 9 5/8 93	150	102¾	103¼	-⅛	7.35
CANADA 9 96	1000	104¾	105¼	+⅛	7.66
CARCO 9 1/4 96	650	102	103	+1	8.74
CCCE 9 1/4 95	300	104¾	105¼		7.60
COUNCIL EUROPE 8 96	100	100	100½	-⅛	8.00
CREDIT FONCIER 9 1/2 99	300	105¾	106¼	-⅛	8.42
DENMARK 0 98	250	57½	58	+⅛	8.26
DENMARK 8 1/4 94	150	102¼	102¾	+⅛	7.34
ECSC 8 1/4 96	193	101¼	101¾	-⅛	7.89
EEC 7 1/4 93	250	100½	100¾		6.86
EIB 7 3/4 96	250	100¼	100¾		7.68
EIB 9 1/4 97	1000	105¼	105¾	+⅛	8.13
ELEC DE FRANCE 9 98	200	103¾	104¼		8.20
EUROFIMA 9 1/4 96	100	103¾	104¼	+⅛	8.18
EXPORT DEV CORP 9 1/2 98	150	105¾	106¼		8.36
FINLAND 7 7/8 97	200	98¾	99¼	+⅛	8.24
FINNISH EXPORT 9 3/8 95	200	104¾	105¼	-⅛	7.98
FORD MOTOR CREDIT 9 1/2 93	300	103¼	103¾	-⅛	7.87
GEN ELEC CAPITAL 9 3/8 96	300	105¼	105¾		8.00
GMAC 9 1/8 96	200	102½	103	+⅛	8.42
HALIFAX 9 1/2 93	200	103¼	103¾	-⅛	7.38
IBM WORLD TRADE 7 5/8 93	150	101¼	101¾	+⅛	6.98
IND BK JAPAN FIN 7 7/8 97	200	97¾	98¼	+⅛	8.37
INTER AMER DEV 7 5/8 96	200	98¼	98¾		7.99
ITALY 8 1/2 94	1500	103	103¼		7.39
JAPAN DEV BK 8 94	150	101½	102		7.36
KANSAI ELEC PWR 10 96	350	106½	107¼	-⅛	8.23
LTCB 8 5/8 93	150	101¾	102¼		7.35
NEW ZEALAND 8 93	100	101¼	101¾		7.23
NIPPON CRED BK 9 3/4 93	150	103¾	104¼	-⅛	7.83
NIPPON TEL & TEL 9 3/8 95	200	104½	105	-½	7.93
NORDIC INV BANK 9 93	200	103¼	103½	-⅛	7.15
ONTARIO HYDRO 11 5/8 94	200	108¾	109¼		7.63
OSTER KONTROLLBANK 8 1/8 93	200	101¾	102¼	-⅛	6.88
PETRO-CANADA 7 1/4 96	200	97½	98	+⅛	7.92
PRUDENTIAL RLTY SECS 0 99	365.216	52¼	52¾	-⅛	9.15
QUEBEC HYDRO 9 3/4 98	150	105¼	105¾	-⅛	8.72
QUEBEC PROV 9 98	200	101¾	102¼	+⅛	8.60
SAINSBURY 9 1/8 96	150	104¼	104¾	+1¼	8.04
SAS 10 99	200	102¾	103¼	+⅛	9.52
SBAB 9 1/2 95	500	104¾	105¼	-⅛	7.98
STATE BK STH AUST 9 1/4 93	100	102¼	102¾	-⅛	7.35
SUMITOMO BK CAP MKT 9 3/8 93	150	103¼	103¾	-⅛	7.66
SWEDEN 8 1/8 94	150	102¼	102¾	+⅛	7.28
SWEDISH EXPORT 9 5/8 93	100	103¼	103¾	-⅛	7.07
TOKYO METROPOLIS 8 1/4 96	200	101	101½		7.99
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
RABOBANK 5 3/4 93 Fl	150	94¾	95¼		9.61
UNILEVER 9 00 Fl	500	102	102½	+⅛	8.66
BCE INC 9 5/8 93 C$	300	99½	100		9.90
BELL CANADA 10 5/8 99 C$	150	100¼	100¾	+⅛	10.59
BRITISH COLUMBIA 9 1/4 93 C$	150	99¼	99¾	-⅛	9.72
EIB 10 1/8 98 C$	130	98¾	99¼	-⅛	10.34
ELEC DE FRANCE 9 3/4 99 C$	275	97¼	97¾	+⅛	10.29
FORD CREDIT CANADA 10 94 C$	100	98½	99	-⅛	10.61
GENERAL ELECT CAP 10 1/4 93 C$	175	100¾	101¼	+⅛	9.75
ONTARIO HYDRO 10 7/8 99 C$	500	101½	101¾	+⅛	10.56
OSTER KONTROLLBANK 10 1/4 99 C$	150	100¼	100¾	+⅛	10.22
QUEBEC PROV 10 1/2 98 C$	200	99¾	100¼	+⅛	10.55
ROYAL TRUSTCO 10 1/4 93 C$	100	99¼	99¾		10.60
SWEDEN 9 3/4 93 C$	250	100¼	100¾		9.45
BELGIUM 9 1/8 96 Ecu	1250	99¾	100	+⅛	9.13
CNT 7 3/8 93 Ecu	250	95¾	96¼	+⅛	9.95
CREDIT LYONNAIS 9 96 Ecu	125	96	96¼	-⅛	10.08
DENMARK 7 5/8 96 Ecu	250	91¼	92¼	-⅛	10.03
EEC 7 5/8 94 Ecu	200	96¼	96¾		9.32
EIB 10 97 Ecu	1125	104¼	104¾	+⅛	8.99
ITALY 10 3/4 00 Ecu	1000	108½	108¾	+⅛	9.26
UNITED KINGDOM 9 1/8 01 Ecu	2750	100¼	100¾	+⅛	9.09
BP AMERICA 12 1/4 96 A$	100	103¼	103¾	+⅛	11.25
COMM BK AUSTRALIA 13 3/4 99 A$	100	109¾	110¼	+½	11.80
COUNCIL EUROPE 13 93 A$	50	101¾	102¼	-⅛	11.66
EKSPORTFINANS 12 3/8 95 A$	75	103¼	103¾	+⅛	11.20
FORD CRED AUST 13 93 A$	50	100½	101¼	+⅛	12.49
MCDONALDS CANADA 15 95 A$	100	109¼	109¾		11.89
NAT AUSTRALIA BANK 14 3/4 94 A$	150	106¼	106¾		11.57
STATE BK NSW 14 1/4 99 A$	100	109¾	110¼	+⅛	12.25
VOLKSWAGEN INTL 15 94 A$	100	107	107½		11.73
ABBEY NATL TREAS 13 3/8 95 £	100	106¾	107¼	+⅛	10.91
BARCLAYS JERSEY 9 1/2 93 £	250	97¾	98¼		10.90
BRITISH GAS 12 3/4 95 £	300	105¼	105¾	+⅛	10.77
DEUTSCHE BK FIN 11 94 £	225	101	101½	+⅛	10.45
EIB 10 97 £	386.5	97¾	98¼	+⅛	10.50
FORD CREDIT FUNDING 9 5/8 93 £	50	97	97½	+⅛	11.63
INTER AMER DEV 11 3/8 95 £	75	102¾	103¼	+⅛	10.47
ITALY 10 1/2 14 £	400	96¼	96½	+⅛	10.92
LAND SECS 9 1/2 07 £	200	83¼	83¾		11.91
LEEDS PERMANENT 9 1/4 93 £	50	97	97½		11.14
NORWAY 10 1/2 94 £	200	99¾	100¼	+⅛	10.50
ROLLS-ROYCE 9 5/8 93 £	150	97	97½	-⅛	11.46
SAINSBURY 10 7/8 93 £	100	99¾	100¼	-⅛	11.07
SKANDINAVISKA ENSK 13 1/8 95 £	100	105¾	106¼	+⅛	11.10
WORLD BANK 11 1/4 95 £	100	102¼	102¾	+⅛	10.50
ABBEY NATIONAL 0 96 NZ$	100	59¾	60¼	+⅛	10.73
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	104¾	105¼	+⅛	10.39

FLOATING RATE NOTES — Issued | Bid | Offer | C.cpn

[illegible]

DEUTSCHE MARK STRAIGHTS — Issued | Bid | Offer | Chg. day | Yield

[illegible]

SWISS FRANC STRAIGHTS — Issued | Bid | Offer | Chg. day | Yield

[illegible]

YEN STRAIGHTS — Issued | Bid | Offer | Chg. day | Yield

[illegible]

CONVERTIBLE BONDS — Conv. date | Conv. price | Bid | Offer | Prem.

[illegible]

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

TWA incurs quarterly operating loss of $53m

By Nikki Tait in New York

TRANS World Airlines, the heavily indebted US carrier, yesterday revealed a $53m operating loss for the three months to end-June.

This compares with a $43.8m profit in the same period a year earlier and takes the operating loss for the first six months of the current year to $197.4m.

The pre-tax figure, however, turns into a profit of $386.9m, after a $440m credit from asset sales. This mainly comprises money received for the sale of four routes to American Airlines - including the three routes between London's Heathrow airport and Los Angeles, Boston, and New York.

The after-tax profit in the second quarter amounted to $337m against $103.4m in the same period a year earlier.

TWA blamed the continued operating loss, on revenues down from $1.23bn a year ago to $926.9m, on the Gulf war and its aftermath, plus the economic recession in the US.

It said passenger traffic was 23.4 per cent lower than in the same period a year earlier, while the yield per passenger mile slipped from 11.25 cents to 10.28 cents.

TWA has been in lengthy negotiations with bondholders recently and last month announced a debt restructuring deal which would involve Mr Carl Icahn, TWA's owner, reducing his stake to between 20 and 45 per cent of the airline's equity.

TWA is the latest in a line of US airline companies to report drab figures for the second quarter.

Although its larger competitors, such as American Airlines or United, have generally made profits in this period, the figures have been below best expectations and confirmed fears that the sector saw no quick bounce-back after the Gulf war.

Hees hit by troubles at Brascan

HEES International Bancorp, the merchant banking and corporate management arm of the empire controlled by Toronto's Bronfman brothers, suffered a 25 per cent drop in second-quarter income, writes Bernard Simon in Toronto.

Net income dipped to C$47.1m (US$41m) or 47 cents a share, from C$62.4m or 61 cents.

Earnings from corporate investments slid by 42 per cent to C$14.6m, largely due to a reduced contribution from Brascan, the Bronfman holding company whose interests include the hard-hit resources group Noranda.

Merchant banking income fell to C$97.8m from C$124.3m because of a cut in business and falling interest rates.

ERA lifts profit to A$121m

By Kevin Brown

ENERGY Resources of Australia (ERA), a 65 per cent subsidiary of North Broken Hill Peko (North), yesterday announced a net profit after extraordinary items of A$121m for the year to the end of June, up from A$57.5m in the previous year.

ERA, which operates the Ranger uranium mine in the Northern Territory, said operating profits increased by A$16.5m to A$74.

The increase was partially attributable to the settlement of a dispute with the Tax Office which allowed the company to write back disputed tax payments of A$47m from earlier years.

The company said revenue fell from A$228m to A$222m, partly reflecting the depressed price of aluminium on world markets.

Operating profits before tax fell from A$104m to A$101m.

San Miguel predicts doubled net income

SAN MIGUEL, the Philippine food and beverage group, expects its net income to double in 1991 after a strong first half in which its profits rose sharply, Reuter reports from Manila.

San Miguel's net income for the first six months of 1991 climbed to 1.52bn pesos ($57m) from 1.04bn pesos over the same period in 1990.

"The corporation is optimistic it can double its income, especially since the last quarter is usually a strong period for San Miguel with the Christmas holidays," the company said.

Mr Delfin Gonzales, finance officer, said the company's prospects would receive a boost from a recent reduction in petrol prices and an expected cut in a 9 per cent import levy.

San Miguel, the Philippines' biggest company, also expects sales to pick up as the country's economy recovers modestly in the second half of 1991.

Consolidated net sales from January to June this year rose to 25.04bn pesos from 20.6bn pesos in the same 1990 period.

● San Miguel will make its ice cream division and its feeds and livestock division wholly-owned subsidiaries effective from October 1.

"Both are in excellent position to take advantage of the growth in the Philippine food industry as population and incomes expand," said Mr Gonzales.

The feeds and livestock division had net sales last year of 4.5bn pesos, placing it among the country's top 20 companies.

Net sales of the ice cream division, Magnolia, reached 2.4bn pesos in 1990, the company said.

● San Miguel is holding talks with Nestlé of Switzerland on forming a joint venture company to produce ice cream, dairy goods and fruit juices, the company said.

The new company will be 60 per cent owned by San Miguel and 40 per cent owned by Nestlé.

Bond Corp reconstruction closer after relisting move

By Kevin Brown

THE long drawn-out reconstruction of Mr Alan Bond's crashed Bond Corporation Holdings (BCH) moved close to its final stage yesterday after the Australian Stock Exchange agreed to relist the group.

The announcement removes a major obstacle to the approval by the Western Australian Supreme Court of a proposed scheme of arrangement under which BCH would be restructured.

BCH will seek court approval today for the scheme, which the group claims will return up to 20 cents in the dollar to creditors over a five-year period.

The announcement by the stock exchange follows lengthy negotiations with BCH over alleged breaches of listing rules since the group's listing was suspended last year.

The exchange is understood to have considered delisting BCH, but agreed to relist the group following the intervention of Ferrier Hodgson, the accountancy firm which will administrate the BCH scheme of arrangement.

Ferrier Hodgson said it had agreed to ensure that BCH complies with listing rules, and issues quarterly reports on the progress of the scheme of arrangement and sales of the group's remaining assets.

The last-minute deal is in line with months of tortuous negotiations over the restructuring of BCH, which announced accumulated losses of A$2.25bn (US$1.75bn) last year. The losses were later revised to A$1.6bn following the sale of the BCH Australian brewing business to Bell Resources and Lion Nathan of New Zealand.

The scheme of arrangement will convert unsecured creditors owed A$1.1bn into controlling shareholders in the group. Existing shareholders will emerge with around 10 per cent, of which about half will be held by Dallhold, Mr Bond's private company.

However, Dallhold is in receivership with debts of more than A$1bn.

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INTERNATIONAL CAPITAL MARKETS

DTB announces launch of two options contracts

By **Katharine Campbell** in Frankfurt

THE Deutsche Terminbörse (DTB), the German electronic futures and options exchange, today expands its range of instruments with two new options contracts, one of which represents a direct challenge to Liffe, the established London derivatives market.

The option on the Bund contract complements the DTB's Bund futures contract, introduced last November. "We are enlarging our product range which will also lead to a still higher liquidity of the <underlying> Bund futures market," Mr Rolf Breuer, chairman of the DTB and Deutsche Bank director forecast yesterday.

While volume has climbed steadily in the DTB futures product, partly as German banks have introduced new customers to the product, it has still failed to shift much business from London, where the contract was already well established. Liffe also has an increasingly successful option on the Bund future.

In a further effort to stimulate business in the home instrument, the DTB has announced it is temporarily cancelling transaction fees on the Bund and offering a reduction on those levied on the new option on the future, although market participants remain sceptical as to the efficacy of such measures.

An option on the DAX index of 30 blue chip stocks will also be introduced today. It is expected to appeal to retail, as well as institutional investors. While the Swedish exchange OM has already launched an option on a German index, the DTB contract is the first based on the widely followed real time DAX index.

● The London Fox (London Futures and Options Exchange) moved closer to acquiring the New Zealand Futures and Options Exchange yesterday, when the Board of the New Zealand Exchange unanimously recommended the FOX proposal to buy the exchange for NZ$5m, writes Tracey Corrigan. The bid will now be subject to formal acceptance by the Exchange's 16 shareholder trading members, expected in a few weeks time.

The Sydney Futures Exchange also expressed interest in the New Zealand Exchange, but no formal offer was made.

Mr Saxon Tate, chairman of FOX, said he was delighted there was enough support to proceed with the offer.

Pakistan bank restrictions

FOREIGN banks operating in Pakistan face restrictions on their holdings in government bonds or risk stiff penalties, Reuter reports from Islamabad.

One US banker said several banks were waiting on the sidelines to pick up government federal investment bonds (Fibs) as over-exposed institutions were forced to sell.

Most foreign banks surveyed said their holdings were below the ceiling of 15 per cent of time and demand deposits established by the central bank, the State Bank of Pakistan (SBP).

SBP imposed the restriction in May, only three months after beginning auctions of the three-, five- or 10-year Fibs and trying to foster a secondary market in government securities. The SBP said it was forced to move because, instead of acting as primary dealers, the banks bought the bonds on their own behalf to gain returns of up to 15 per cent, compared with less than 9.5 per cent for six-month Treasury bills.

Of Rs34bn ($1.38bn) worth of Fibs in circulation, Rs26bn were held by banks, the SBP said.

The result, according to bankers, was instant damage to the nascent secondary market which the government wanted to create as a vehicle for moving from administered interest rates towards a market driven system.

JDB plans its first Euroyen offering

By **Tracy Corrigan**

THE Japan Development Bank is preparing to launch its first Euroyen bond offering next week, according to market sources. JDB, which was recently authorised to issue Euroyen bonds, is expected to raise Y100bn in 10-year bonds.

Demand in the Euroyen sector is firm, with US investors keen buyers on a bullish currency and interest rate view.

INTERNATIONAL BONDS

But the sector has been starved of liquid offerings. Only sovereign and supranational paper, for borrowers such as the European Investment Bank, offers real liquidity. Few Japanese names are actively traded. So the arrival of a benchmark for a Japanese government-guaranteed borrower is likely to be welcomed.

Yield spreads in the sector have become very tight, due to the strong level of demand combined with lack of supply. The benchmark World Bank issue, due 2001, is currently yielding just a few basis points above the comparable Japanese government bond (the no. 129. benchmark). The deal could well be priced at a yield level between the World Bank and the JDB, which would be considered feasible, if rather on the aggressive side.

Activity in the Eurobond market was subdued, with many European markets closed yesterday and today for Assumption day holidays.

Mitsubishi Estates launched a Y30bn issue yesterday via Yamaichi Intl. The deal was pre-placed and will not be actively traded. Elsewhere, ABN Amro, the Dutch bank, launched a Fl 750m 10-year issue of subordinated notes. The deal was bid at less 0.85, within fees of one point.

● KANSALLIS-Osake-Pankki, the Finnish bank, is launching a company called Kansallis Meklarit to broker securities and derivative instruments, Reuter reports from Helsinki. The firm would specialise in the technical execution of transactions, KOP said.

Brussels bourse takes stock of its finances

Andrew Hill examines a series of difficulties besetting the small exchange

The Brussels city authorities want to enlist God and Mammon to bolster the Belgian capital's finances: in an attempt to raise BFr2bn ($55.9m), a prominent Brussels burgher announced last week that he would consider putting the 19th century stock exchange building and the church of Saint Catherine up for sale.

This novel fund-raising policy – throwing out the money-changers and the temple – has caused some amusement in the news-starved Belgian press. But proposals that the bourse should buy the building it occupies for a bargain price of BFr500m have a hollow ring for the stock exchange authorities, who are themselves looking for ways to improve their finances.

"We're having a certain number of problems and we're trying to find solutions," admitted Mr Walter Van Glabbeek, bourse vice-president.

Chief among those is a fall in revenue. In spite of a flying start to the year, Brussels, in common with other small stock exchanges worldwide, has been hit by a drop in trading volume. Income from brokers who use the exchange's computer trading system has fallen as a result and the bourse is said to be running a small deficit.

There are, as Mr Van Glabbeek puts it, "other elements" unique to Brussels. A fire severely damaged the stock exchange building at the end of last year and the bourse, though insured, has had to bear some of the cost of replacing lost or damaged equipment.

At the same time, the stock exchange is carrying half the costs of starting up a new Belgian futures and options exchange, Belfox. The planned March launch was delayed and may take place next month.

The bourse is also under pressure from its members who have begun to feel the pain of the country's "Little Bang" – a programme of stock market reforms introduced on the eve of last year's stock exchange fire.

Among other things, the reforms broke the stockbrokers' monopoly of exchange business and improved the negotiability of Brussels' notoriously high trading commissions. Before Little Bang, the bourse was home to 200 stockbrokers. Takeovers by banks – granted access to the exchange for the first time – and mergers between smaller players, have thinned out the number of brokers, but there are still too many. Faced with a slack market, some are being forced to shut up shop. The total is now down to less than 120 and as the survivors drop out, they are complaining loudly about harassment by the authorities and the heavy burden of administration imposed by the reforms.

The bourse's plans to improve its financial position by charging more for its services, are unlikely to ease that situation, but brokers with a healthier future seem to have little sympathy for their smaller counterparts.

"If you go back three or four years, all you needed was a telephone, a pen, and a piece of paper to make your contract. Small brokers never invested enough, they never put part of their profits into reserves. Now we're all having to invest in computer infrastructure," said one broker with a large Brussels firm.

"I would have expected more mergers after the reforms," said another broker. "This was bound to happen for the stockbroking firms, and I don't think it's over."

The bourse has already had to cut its workforce from 160 to 105 and it seems likely an increase in charges will be pushed through, despite the anguish of the smaller brokers. "I think that the solutions will be found within the next three or four weeks," said Mr Van Glabbeek.

As for the prospect of losing the roof over their heads, the bourse authorities could theoretically set up anywhere in central Brussels. Indeed, after the fire, a number of alternative sites were considered. But with the bulk of the restoration work already completed and the exchange computers about to be reinstalled in the 19th century building, the bourse would clearly rather stay put.

"In the extreme case that we are obliged to leave these premises, I think the buyer will have to pay for the reorganisation," maintains a stoical Mr Van Glabbeek.

It is clear that whatever happens, the brokers who make up the bourse governing body will drive a hard bargain.

Bundesbank rate rise disappoints German bonds

By **Sara Webb** in London and **Patrick Harverson** in New York

THE Bundesbank's increase for two key German interest rates yesterday, prompted several other European central banks to follow suit, but disappointed the German government bond market.

GOVERNMENT BONDS

German government bonds slipped on news that the Bundesbank's two key interest rates would be raised by less than expected. However, bund prices closed higher on the day, helped by initial firmness in the US Treasury bond market.

The Bundesbank decided to raise the discount rate from 6.5 per cent to 7.5 per cent, while raising the Lombard emergency rate only a ¼ point to 9.25 per cent.

It had been widely expected that the Lombard rate would be raised by a ½ point to 9.5 per cent in order to help curb German inflation, currently running at 4.4 per cent.

Concern that the ¼ point rise in the Lombard rate may not be sufficient to curb credit or wage inflation has led to speculation that the Bundesbank may be forced to raise rates again in the future.

The Liffe bund futures contract opened at 84.81 and rose to a high of 85.10 before closing at 85.05.

The Netherlands, Switzerland and Denmark followed the Bundesbank's example by raising rates yesterday.

Traders said that they expected that the Dutch finance ministry would announce a new issue of 10-year bonds with a coupon of 8¾ per cent today.

■ UK government bond prices rose in response to favourable wage data and the Bundesbank's decision to raise the Lombard rate by only a ¼ point.

There had been concern in the markets that a significant increase in the Lombard rate could delay further cuts in the UK base rate.

However, yesterday's ¼ point rise in the Lombard rate was well received in the gilt market as traders said that the increase was too small to affect sterling and therefore would not restrict further interest rate cuts in the UK.

News that average earnings increased by 8.25 per cent in the year to July, down from 8.75 per cent in the year to June was taken as a sign that inflation is coming down, traders said.

The benchmark 11¾ per cent gilt due 2003/07 opened at 111$\frac{1}{16}$ and rose to 111$\frac{13}{32}$ by late afternoon.

■ PROFIT-taking after recent strong gains left US bond prices lower at the long end yesterday morning

By midday the benchmark 30-year government bond was down $\frac{1}{32}$ at 100$\frac{1}{32}$, yielding 8.105 per cent. The two-year note was unchanged at 100$\frac{13}{32}$, yielding 6.338 per cent.

The big rises in bond prices seen recently, spurred by poor economic news, good inflation data and rising hopes of more interest rate cuts, were bound to attract profit-taking, so yesterday's declines were not seen as a change in underlying market sentiment.

Federal funds traded at 5⅝ per cent, recovering from overnight jitters linked to the fact that Mr John Laware, a Federal Reserve Board governor, had commented in New Zealand that the Federal funds rate was being targeted at 5¼ per cent.

However, the Fed subsequently explained that Mr Laware had made a mistake, and after a round of four-day system repurchase agreements mid-morning, Fed funds traded near their actual target yesterday of 5½ per cent.

See Lex

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	108.9803	+0.763	10.54	10.72	10.85
BELGIUM		10.000	08/00	103.8000	-	9.35	9.41	9.48
CANADA *		9.750	12/01	100.2500	+0.170	9.71	9.75	9.98
DENMARK		9.000	11/00	98.1250	+0.100	9.30	9.35	9.28
FRANCE	BTAN	9.000	02/96	98.8475	-	9.29	9.35	9.24
	OAT	9.500	01/01	102.4900	-	9.08	9.12	9.13
GERMANY		8.375	05/01	99.5100	+0.380	8.44	8.57	8.58
ITALY		12.500	03/01	97.2500	+0.160	13.43	13.43	13.27
JAPAN	No 119	4.800	06/99	89.8082	+0.094	6.79	6.88	7.18
	No 129	6.400	03/00	99.9446	+0.083	6.41	6.53	6.72
NETHERLANDS		8.500	03/01	98.1100	+0.210	8.79	8.83	8.80
SPAIN		11.900	07/96	99.6750	-	11.98	11.90	11.81
UK GILTS		10.000	11/96	99-25	+7/32	10.05	10.07	10.27
		10.000	02/01	100-03	+10/32	9.99	10.01	10.22
		9.000	10/08	93-20	+8/32	9.77	9.77	9.96
US TREASURY *		8.000	05/01	100-28	+15/32	7.87	7.95	8.24
		8.125	05/21	100-09	-14/32	8.10	8.17	8.44

London closing, *New York morning session. Prices: US, UK in 32nds, others in decimal. Yields: Local market standard. Technical Data/ATLAS Price Sources

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section. Thursday August 15 1991

	Equity groups & sub-sections	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Wed Aug 14 Index No.	Tue Aug 13 Index No.	Mon Aug 12 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (184)	849.98	+1.3	9.94	5.68	12.41	23.39	839.09	829.06	825.75	804.29
2	Building Materials (24)	1075.39	+1.6	8.57	5.77	14.83	31.82	1058.55	1048.85	1046.32	1026.06
3	Contracting, Construction (31)	1157.51	+1.2	9.50	6.74	13.90	32.68	1144.14	1133.67	1130.50	1320.35
4	Electricals (11)	2464.50	+0.8	10.40	5.40	12.24	63.95	2444.63	2431.96	2423.42	2169.63
5	Electronics (25)	1742.65	+1.5	8.61	5.18	14.91	48.40	1717.57	1706.30	1710.85	1664.48
6	Engineering-Aerospace (8)	424.44	+0.6	16.10	5.91	7.45	12.11	421.76	414.21	413.02	441.79
7	Engineering-General (45)	468.98	+1.7	11.37	5.47	10.80	13.13	461.07	455.49	453.90	446.86
8	Metals and Metal Forming (8)	449.50	+0.1	15.69	7.86	7.83	17.15	449.11	438.94	436.20	436.43
9	Motors (12)	358.78	+2.2	9.15	6.70	13.46	12.13	350.95	338.83	331.60	320.72
10	Other Industrial Materials (20)	1628.69	+1.2	8.55	4.94	13.77	36.42	1609.82	1594.11	1586.45	1446.63
21	CONSUMER GROUP (187)	1543.75	+0.4	7.47	3.54	16.50	26.76	1538.07	1522.09	1509.54	1229.87
22	Brewers and Distillers (22)	1886.74	+0.1	8.14	3.51	14.97	34.70	1885.04	1869.38	1857.06	1511.55
25	Food Manufacturing (19)	1211.21	+0.4	9.48	4.08	13.03	24.86	1206.06	1200.63	1196.03	1042.57
26	Food Retailing (17)	2648.22	+0.2	8.12	3.15	16.10	44.38	2641.96	2634.36	2639.17	2489.12
27	Health and Household (22)	3685.84	+0.1	5.26	2.35	21.69	35.00	3682.40	3627.60	3567.47	2404.27
29	Hotels and Leisure (23)	1352.43	+0.3	8.82	5.11	13.67	35.83	1348.64	1328.77	1313.37	1310.70
30	Media (26)	1465.88	+1.4	7.53	4.84	17.31	38.58	1446.34	1437.37	1431.27	0.00
31	Packaging, Paper & Printing (17)	754.87	+0.5	7.45	4.37	16.20	15.40	751.35	744.09	741.71	553.40
34	Stores (32)	1006.70	+0.6	7.61	3.69	17.15	17.12	1000.43	984.95	975.47	788.97
35	Textiles (9)	607.09	+1.8	8.27	5.11	15.01	14.09	596.48	587.83	589.63	450.20
40	OTHER GROUPS (109)	1279.30	+0.5	9.64	5.03	12.94	31.65	1272.93	1264.62	1259.57	1074.39
41	Business Services (12)	1383.53	+1.3	7.80	4.71	15.86	29.77	1365.73	1347.61	1335.36	0.00
42	Chemicals (21)	1454.05	+0.6	7.05	4.96	17.50	45.88	1444.88	1438.38	1435.78	1095.45
43	Conglomerates (10)	1504.02	+0.8	9.90	7.01	12.20	35.14	1491.43	1481.71	1472.97	1485.45
44	Transport (13)	2288.92	....	8.24	4.65	15.03	50.50	2290.10	2281.73	2282.45	2090.03
45	Electricity (16)	1217.38	+0.3	14.35	5.34	8.90	24.04	1213.58	1204.00	1196.20	0.00
46	Telephone Networks (4)	1526.79	+0.3	9.67	3.98	13.53	28.34	1522.89	1512.97	1510.96	1163.89
47	Water (10)	2416.10	+0.3	16.85	6.37	6.57	118.37	2409.21	2409.06	2378.56	2014.68
48	Miscellaneous (23)	2033.42	+0.9	5.97	4.75	21.70	47.89	2016.12	1995.94	1987.18	1621.33
49	INDUSTRIAL GROUP (480)	1290.51	+0.6	8.65	4.43	14.32	28.00	1282.96	1270.85	1263.16	1084.81
51	Oil & Gas (20)	2415.34	-0.9	10.83	5.70	12.18	77.74	2437.21	2432.89	2422.79	2485.73
59	500 SHARE INDEX (500)	1387.28	+0.4	8.92	4.59	14.01	31.95	1381.72	1370.01	1362.05	1199.52
61	FINANCIAL GROUP (92)	834.73	+0.8	–	5.58	–	26.77	827.99	817.33	812.84	740.28
62	Banks (9)	971.20	+1.1	4.39	5.49	42.74	36.83	960.53	943.26	934.37	785.34
65	Insurance (Life) (7)	1611.66	+0.6	–	5.14	–	41.64	1601.45	1565.77	1568.59	1373.04
66	Insurance (Composite) (6)	677.65	+0.7	–	6.48	–	22.61	673.05	675.80	671.88	627.35
67	Insurance (Brokers) (9)	1178.96	+0.6	6.67	5.73	19.46	30.86	1172.03	1157.95	1161.36	885.93
68	Merchant Banks (7)	440.26	+0.4	–	4.76	–	12.16	438.35	438.35	441.90	398.81
69	Property (36)	932.02	+0.5	5.96	4.99	23.87	20.96	927.54	914.92	907.71	1016.23
70	Other Financial (18)	255.10	+0.7	11.25	7.10	11.13	7.99	253.42	251.62	251.29	272.43
71	Investment Trusts (69)	1230.84	+0.3	–	3.48	–	22.35	1227.53	1218.10	1212.38	1114.18
99	ALL-SHARE INDEX (661)	1252.61	+0.5	–	4.69	–	30.23	1246.95	1235.68	1228.59	1088.70

	Index No	Day's Change	Day's High (a)	Day's Low (b)	Aug 14	Aug 13	Aug 12	Aug 9	Aug 8	Year ago
FT-SE 100 SHARE INDEX‡	2617.2	+8.4	2621.5	2610.4	2608.8	2584.9	2569.4	2570.6	2600.6	2222.1

FIXED INTEREST

	PRICE INDICES	Thu Aug 15	Day's change %	Wed Aug 14	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	121.65	+0.04	121.60	2.09	7.30
2	5-15 years (27)	132.59	+0.20	132.33	1.91	8.78
3	Over 15 years (9)	141.87	+0.34	141.40	3.23	6.83
4	Irredeemables (6)	155.26	-0.12	155.45	3.05	7.34
5	All stocks (70)	131.54	+0.15	131.34	2.13	8.20
	Index-Linked					
6	Up to 5 years (1)	161.67	....	161.66	0.86	2.72
7	Over 5 years (10)	145.18	-0.02	145.21	0.57	2.95
8	All stocks (11)	146.23	-0.02	146.26	0.58	2.94
9	Debs & Loans (58)	110.13	+0.03	110.10	1.70	7.16

	AVERAGE GROSS REDEMPTION YIELDS		Thu Aug 15	Wed Aug 14	Year ago (approx.)
	British Government				
1	Low	5 years	8.91	8.89	11.15
2	Coupons	15 years	9.71	9.73	11.14
3	(0%-7¾%)	20 years	9.71	9.73	11.06
4	Medium	5 years	10.06	10.08	12.21
5	Coupons	15 years	9.88	9.91	11.71
6	(8%-10¾%)	20 years	9.83	9.86	11.45
7	High	5 years	10.24	10.26	12.34
8	Coupons	15 years	10.00	10.03	11.98
9	(11%-)	20 years	9.91	9.93	11.73
10	Irredeemables	†	9.93	9.92	11.30
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.24	4.23	4.86
12	Inflation rate 5%	Over 5 yrs.	4.40	4.39	4.24
13	Inflation rate 10%	Up to 5 yrs.	3.35	3.34	3.81
14	Inflation rate 10%	Over 5 yrs.	4.22	4.21	4.07
15	Debs &	5 years	11.73	11.73	14.18
16	Loans	15 years	11.50	11.50	13.17
17		25 years	11.32	11.32	12.83

‡Opening index 2610.4; 9 am 2616.2; 10 am 2615.7; 11 am 2617.0; Noon 2618.6; 1 pm 2620.3; 2 pm 2619.9; 2.30 pm 2620.1; 3 pm 2620.4; 4.10 pm 2617.4; (a) 1.06pm (b) 8.30am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	46	21	16
Corporations, Dominion and Foreign Bonds	2	0	18
Industrials	436	121	950
Financial and Properties	158	75	507
Oils	15	23	50
Plantations	0	0	10
Mines	29	24	105
Others	57	22	81
Totals	743	286	1,737

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amt Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
–	F.P.	–	45	10	Aegis Warrants 5p	43½		-	-	-	-
♦	F.P.	–	185	185	Brockhampton 10p	185		-	-	-	-
♦	F.P.	–	33	33	Do. A Warrants 10p	33		-	-	-	-
♦	F.P.	–	155	140	Do. Non/Vtg. A 10p	155		-	-	-	-
†	F.P.	–	110	105	Capital Ventures 1p	110	+1	-	-	-	-
–	F.P.	–	9	9	City of Oxford Wrrnts.	9		-	-	-	-
175	F.P.	–	178	163	Claremont Garments 16p	178	+2	L6.95	1.9	5.2	11.1
100	F.P.	–	100	98	County Smaller Cos.	98		M3.38	-	4.6	-
–	F.P.	–	25	20	Do. Warrants	25		-	-	-	-
4	F.P.	–	9½	4¼	Culver 1p	7½		-	-	-	-
225	F.P.	–	248	225	Eurocamp 5p	246		R8.5	2.5	4.6	11.8
–	F.P.	–	263	238	Eurotunnel '91 Wrnts.	255	+10	-	-	-	-
100	F.P.	–	103	98	Fleming Emrg. Markets	98		-	-	-	-
–	F.P.	–	35	30	Do. Warrants	35		-	-	-	-
–	F.P.	–	½	¼	Gaelic Res. Wrrnts.	½		-	-	-	-
100	F.P.	–	109	105	Gartmore Scotland Inc.	109		M11.6	-	14.2	-
100	F.P.	–	98	90	Do Capital	91		-	-	-	-
–	F.P.	–	£650	£605	Do. Units	£615		-	-	-	-
146	F.P.	–	160	151	Irish Life Ir10p	160	+2	H0102%	-	5.7	-
100	F.P.	–	107	101	Kleinwort High Inc. 5p	106		M7.5	-	9.4	-
¶290	F.P.	–	314	297	Lowndes Lambert 5p	313	+5	L11.5	1.9	4.9	14.6
125	F.P.	–	127	89	Mirror Grp. Newspapers	109	+½	R6.56	1.7	8.1	9.7
100	F.P.	–	113	100	Moorgate Smaller Co's.	105		M4.13	-	5.2	-
35	F.P.	–	39	36	Do. Warrants	38		-	-	-	-
100	F.P.	–	103	101	Murray Split Income 10p	103		M10.58	-	13.7	-
100	F.P.	–	100	98	Murray Split Tst. Cap. 10p	98		-	-	-	-
–	F.P.	–	2550	2520	Do. Units	2550		-	-	-	-
240	100	–	124½	109	Scot Hydro-Elect. 50p	113	+½	R9.13	1.9	4.8	13.5
240	100	–	119½	101	Scottish Power 50p	104½	-½	L9.2	¤2.1	5.0	10.9
††	F.P.	–	47	47	Scottish Value Trust	47		a1.8	0.8	5.1	34.6
50	F.P.	–	54	51	‡Simpsons of Cornhill 5p	51		-	-	-	15.8
100	F.P.	–	103	102	US Smaller Cos.	103		-	-	-	-
100	F.P.	–	35	23	Do. Warrants	34		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
♦	F.P.	-	107p	106p	Brockhampton N/V 9½pc Rd Prf 1996 £1	106p	
100	F.P.	-	110¼	98¼	Burmah Cap (Jersey) 9½pc Cnv Bds 2006	107	
100	F.P.	-	100	99½	Carnbourne Inds. 10½pc Rd. Deb. 2001	99½	
¤70.5	Nil	-	2½pm	½pm	City of Oxford Zero Div Prf 5p	½pm	-¼
100	F.P.	-	90	80½	Clayhithe 9½pc Cnv. Ln. 2000-01	83	
100	F.P.	-	102	96½	EE Finance 8¼pc Gtd. Exch. Bds. 2006	100¼	-½
Ir110p	F.P.	-	128p	108p	Fyffes 8.25p (Net) Cnv Cm Prf Ir£1	126p	
100p	F.P.	-	106¼p	104½p	Gartmore Scotland Zero Div Prf.	106¼p	+¼
100p	F.P.	-	106p	102½p	Kleinwort High Income Zero Div Prf.	105½p	
102½p	F.P.		106½p	103p	Murray Split Cap Tst Zero Div Prf 10p	106½p	+¼
100p	F.P.	-	106p	97½p	Queens Moat Houses 7½pc Cv Rd Pf	106p	+1
100	F.P.	-	103¼	96½	RMC Capital 8¾pc Cnv. Bds. 2006	103	+½
100	F.P.	-	103½	96¼	Tarmac 9½pc Cnv. Cap. Bds. 2006	99¼	+¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
88	Nil	-	1½pm	¼pm	‡Alan Paul 5p	¼pm	-½
200	Nil	-	7pm	½pm	City of Oxford Units	½pm	-¼
14	Nil	-	1¾pm	½pm	‡Explaura L/V 5p	1¾pm	+1¼
35	Nil	-	12pm	7pm	Howden Group	9½pm	+1
25	Nil	-	¼pm	¼pm	Mountleigh Group	¼pm	
25	Nil	-	4½pm	½pm	Wiseway	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Aug. 5
- Last Dealings Aug. 16
- Last Declarations Nov. 7
- For settlement Nov. 18

For rate indications see end of London Share Service

Calls: Control Sec., Grand Met., Kunick, Next, Premier. Puts: None.

LONDON TRADED OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Alld Lyons (*590)	550	54½	65	79½	5½	12	19
[illegible]							
M & S (*288)	300	7¼	13¼	22	15½	18½	20½
Sainsbury (*363)	360	-	-	35	-	-	14½
	386	6½	13	-	25	26	-
Shell Trans (*529)	500	37½	45½	52½	7½	10½	17
	550	7	19	25	32½	34½	40½
Storehouse (*111)	110	8	10½	13	4½	7	9
	120	3¼	6	8	10½	13½	14½
Trafalgar (*238)	231	17½	25	-	9	18½	-
	240	-	-	24½	-	-	26½
Utd. Biscuits (*395)	390	17½	27	35	11½	15½	20
	420	5½	14½	19½	30	33	37

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Unilever (*751)	750	30½	50½	61½	18½	27½	34½
[illegible]							
Amstrad (*53)	50	5¼	7¼	9¾	2	4¼	5¾
	60	1½	4	5¼	7¼	10¼	10¾
Barclays (*470)	460	21½	39	49½	9	13½	21
	500	4¼	18½	30	32½	35½	40½
Blue Circle (*258)	240	20	26	34	4	8	10½
	260	7	16½	25	10½	16½	19
British Gas (*264)	260	12	18	23	3¼	7	10
	280	3	9¼	13½	16½	17½	19½
Dixons (*249)	240	16½	26	33	5	10½	13½
	260	6	15½	22	14½	19½	23½
Eurotunnel (*462)	460	22	44	56	18½	26½	35
	500	8½	25½	38½	38	50	58

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Glaxo (*1339)	1300	61½	102	133	30	49½	61½
[illegible]							

FT-SE INDEX (*2617) [illegible]

August 15 Total Contracts 28,705
Calls 19,020 Puts 9,685
FT-SE Index Calls 2,632 Puts 1,151
Euro FT-SE Calls 1,067 Puts 1,139
*Underlying security price. † Long dated expiry months
Premiums shown are based on middle prices.

UK COMPANY NEWS

Niche market success for Hong Kong businessman

Angus Foster profiles Dickson Poon, the new owner of Harvey Nichols

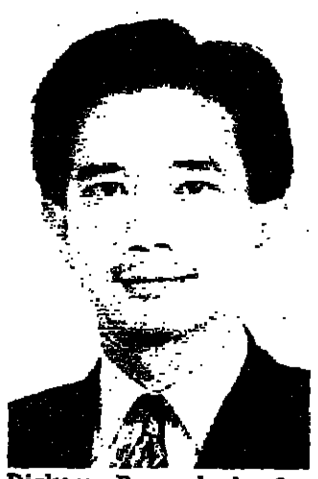
LIKE MANY Asian success stories, Mr Dickson Poon's started with a loan from his family.

In 1980 Mr Poon borrowed HK$5m from his father, a wealthy Hong Kong watch retailer. He opened his first shop in Central, the colony's shopping and financial district, and went on to acquire the rights to distribute premium Western brand names like Charles Jourdan and Hermes. As Hong Kong consumers became increasingly affluent and image conscious through the 1980s, Mr Poon's timing was astute.

Ten years later his main company, Dickson Concepts, made net profits of HK$223m (£17m) for the year to March 1991, from turnover of HK$2.2bn. It has built up a list of quality brand names and in 1987 bought ST Dupont, the French company famous for its lighters and pens. Mr Poon's private interests, about which he is reticent, include D&B Films, possibly the second largest film producer and distributor in south-east Asia, roughly 20 per cent of Hong Kong's cinemas and various property and other assets.

"The secret of our business philosophy, if there is one, is to identify market niches. By so doing, if we are able to find an angle others cannot identify, what may seem to be a saturated market place all of a sudden becomes very successful," Mr Poon said yesterday.

Mr Poon seems to have acquired his accent – tinged



Dickson Poon: looks for quality brand names

with English upper class – from his education at Uppingham. His preppy look may have been added during his time at university in Los Angeles.

In Hong Kong, Mr Poon is reknowned for his style and occasional lavishness. Last year he threw one of the colony's most talked-about parties. His brash invitations became de rigueur for the mantelpieces of Hong Kong's tycoons and jet set.

All this for a man who is only 35 and looks even younger. He says he works hard, enjoys exercise and considers work to be his hobby. "It's never important how many hours I work each day", he added.

Dickson Concepts now derives less than half its profits from Hong Kong and the company has moved on to other emerging Asian markets as well as Europe. Profits in Japan are expected to increase rapidly from about HK$2m last year as a licencing and franchise agreement signed between ST Dupont and Marubeni gets underway.

Profits last year actually fell for the first time due to the Gulf crisis and fewer tourist arrivals in Hong Kong, but are expected to rise again as consumer spending picks up. After doubling profits each year in the late 1980s, growth will be much slower.

Mr Poon said he was attracted to Harvey Nichols because it has a "great name" and an international image. "It could offer excellent potential for development as a brand. We want to further internationalise and expand it," he said.

Mr Poon is quick to tell journalists his companies are "aggressive in marketing, conservative in financing". His debt to his father "has long been paid back", he said.

He maintains that only one venture has not been a success. In 1983 he took on the agency for Lamborghini cars in Hong Kong just before the colony's property market collapsed. "We sold 10 cars in the first year but then discovered we had exhausted the market. It wasn't really a failure, we came out of it breaking even," he said.

Lydia van der Meer

The well-groomed Knightsbridge store has gained a certain cachet from royal patronage

Latest owner comes through the doors of Harvey Nichols

HARVEY NICHOLS, the well-groomed Knightsbridge department store which was sold by Burton Group yesterday for £60m, has had a long and varied history. But in recent years it has become almost embedded in the the social fabric of the British upper classes, writes John Thornhill.

For a long time the store was regarded as something of a poor relation to its neighbour, Harrods. But Harvey Nichols gained a certain cachet when it became known that the Princess of Wales shopped there and in the 1980s it evolved into a haunt for Sloane Rangers.

The business was founded as a linen shop by Mr Benjamin Harvey in 1813, who bequeathed it to his daughter on his death in 1820. She formed a partnership with a Colonel Nichols (hence the name) and built up the business selling oriental fabrics and couture gowns.

The company moved to its site in Knightsbridge at the turn of the century and became part of the Debenhams empire in 1919.

But in 1985 the Burton Group won control of the store following its controversial £550m takeover of Debenhams.

Sir Ralph Halpern, who was then chairman and chief executive of Burton, lavished much attention on Harvey Nichols. Heavy investment was made in refurbishing the interior and broadening its product range.

But Harvey Nichols' performance never matched Burton's high early expectations and the store has been hit by the downturn in consumer spending.

Following Sir Ralph's departure last November, Harvey Nichols was quietly put up for sale as Burton chose to concentrate on its core high street operations.

The Harvey Nichols premises, has a selling area of 223,800 sq ft and has been valued at £35m.

But the new owner, Mr Dickson Poon, believes the business has still greater value as an international brand and looks set to make the Harvey Nichols name more familiar to shoppers in the rest of the world.

High costs sully Johnson Grp

By Peggy Hollinger

RISING COSTS and the effects of recession pushed interim profits down 14 per cent at Johnson Group Cleaners, one of the world's biggest dry cleaning groups with more than 1,100 branches in the US and UK.

Mr Terry Greer, chairman, said the result was satisfactory in light of the severe economic downturn worldwide. Pre-tax profits for the six months to June 29, after property disposals of £271,006 (£359,000), fell from £9.6m to £8.23m on turnover up from £76.1m to £77.4m.

"Costs are rising across the board . . . and our margins are being squeezed" he said.

The franchise business in the US – which incurred losses last year – had been hardest hit and several one-off charges were taken for restructuring purposes. "There has been a substantial decrease in the cost base of the franchise business and the losses have been contained" he said. The group owns 350 branches in the US, 180 franchises, and claims 2 per cent of the market for dry cleaning.

The textile rental operation, which provides workwear contract hire, was the best performer. However, growth was slowing as businesses suffered from recession, said Mr Greer.

An extraordinary charge of £604,000 reflected the costs of modernising the textile rental factory and group headquarters in Bootle, Merseyside.

One small business was acquired in Kansas at the beginning of the year for $1.1m. Mr Greer said the company had since put a freeze on acquisitions.

Interest charges rose by 50 per cent to £1.56m. Gearing was virtually unchanged from the year-end at 54 per cent. Tax fell to £2.9m (£3.42m), partly reflecting a reduction in UK corporation tax.

Earnings per share, including property gains, fell from 29.79p to 25.42p and the dividend is maintained at 7p. The shares rose 9p to close at 536p.

Blagden shows 21% decline

By Jane Fuller

BLAGDEN INDUSTRIES, the packaging, chemicals and protective equipment group based in St Albans, yesterday reported a 21 per cent fall in interim pre-tax profits.

The decline from £6.86m to £5.41m followed a 5 per cent drop in turnover to £109.68m (£115m) in the 26 weeks to June 30.

The interim dividend is again 4.5p, although this was only 1.6 times covered by earnings per share of 7.3p (9.7p).

Mr Tecwyn Wilkinson, chairman and chief executive, said there was confidence in holding the dividend because the second half was expected to see an improvement.

The group had experienced its first profit decline for several years, with the worst period being early spring in the UK, where 46 per cent of sales are made. There had been a slight recovery since May.

In packaging, which includes steel drums accounting for nearly two thirds of business, operating profit fell by £750,000 to £5.76m on sales of £79.9m (£86.2m). Pressure on costs was exacerbated by customers ordering smaller batches.

The figures were also affected by restructuring costs as the group pulled out of plastic packaging in the UK and switched towards smaller bottles and containers. Benefits would follow from these changes, Mr Wilkinson said.

In chemicals, profit fell to £1.59m (£2.01m) on flat sales of £23.27m. A big customer of the Scottish formaldehyde plant had temporarily taken out one production line. Chemicals trading had also been depressed, but there were signs of a weak recovery.

Two acquisitions added £2m sales to the protective equipment side, but unemployment and destocking reduced profit to £471,000 (£698,000).

Interest charges were unchanged at £1.36m and gearing, on net debt of £25m, improved to 34 per cent, against 45 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Blagden ......int	4.5†	Oct 2	4.5	-	9.5
EMC ......fin	1†	Nov 27	0.7	1.6‡	1
Flogas ......fin	4.74♣	-	4.121	7.41	6.661
Foreign/Colonial ......int	1.07	Oct 1	1	-	2.9
Glynwed Intl ......int	4.15	-	4.15	-	11.65
Hickson Intl ......int	2.85†	Nov 15	2.85	-	8
Johnson Cleaners ......int	7	Oct 3	7	-	25.7
Merlin Intl ......int	*1.5*	*Sept 30*	*1.5*	-	*4.25*
Molynx ......int	1.3†	Oct 1	1.25	-	3.75
Royal Insce ......int	11.25☆	Nov 8	11.25	-	26

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ♣Irish pence. ‡For 18 months. ☆Carries scrip option.

NEWS DIGEST

Molynx tops £1m with 37% rise

MOLYNX HOLDINGS, the closed circuit television and environmental control group, lifted sales by 57 per cent and pre-tax profit by 37 per cent in the half year to June 30.

Despite the difficult trading conditions turnover rose organically and by acquisition to £10.5m (£6.69m) while profit reached £1.1m (£808,000).

Earnings rose marginally to 6.8p (6.7p) as the weighted number of issued shares increased 39 per cent. The interim dividend is 1.3p (1.25p).

Mr Eric Walters, chairman, said in CCTV and security a vigorous and flexible approach in management had been instrumental in achieving acceptable results.

Both companies in environmental control were gaining new orders. New building projects had declined significantly in the UK but marketing efforts had been turned to refurbishment, retrofitting and maintenance sectors, and to the offshore gas and oil installations market.

Gearing increased from 50 per cent to 65 per cent at mid year, reflecting normal trading influences, earnout payments, and working capital requirements for two acquisitions.

Merlin Intl Green net assets decrease

Merlin International Green Investment Trust reported net asset value down to 90.5p per share at June 30 1991, against 93.5p a year earlier.

First-half pre-tax profits dropped sharply from £1.19m to £539,367. Earnings per share were 1.4p (3.1p) but the interim dividend is maintained at 1.5p.

Food Industries increases to £4m

Food Industries, which is the subject of a recommended offer from Greencore, increased pre-tax profit from I£2.69m to I£4.02m (£3.66m) in the first half of 1991.

Mr Alex Spain, chairman, said the malting and grain operations performed at or above budgeted levels.

In addition, surplus funds from the disposal of the dairy division and strong cash flows from operations eliminated all debt and produced significant interest income of £694,000 (payable £1.07m).

He said no buyer had emerged for the jams and preserves division, so operations had ceased and an orderly realisation of assets was under way.

Earnings per share were 8.64p (5.9p). Under the terms of the Greencore offer no interim dividend is to be paid (1.6p).

Revamped EMC ahead to £316,000

The revamped EMC Group, which now specialises in media storage and distribution, reported sharply increased profits for the 18 months to March 31.

The taxable outcome, on continuing businesses, amounted to £315,872 (£136,047 in the previous 12 months). Turnover jumped to £7.69m (£3.04m)

Earnings emerged at 4.72p (2.49p) and a proposed final dividend of 1p brings the total for the 18 months to 1.6p (1p).

During the period the group sold a number of loss-making non-core interests. It purchased Keelquest, which distributes films, in March 1990 for £4.5m and in April this year spent an initial $14m on Novo Communications, an inventory management and storage services company.

Taking discontinued activities into account, turnover rose from £3.29m to £9.45m, while pre-tax profits were £158,342 (£51,047).

Acquisition pushes Flogas to 61% gain

In the year to May 31 Flogas saw volume throughput exceed 100,000 tonnes for the first time, turnover rise by 45 per cent and profits by 60 per cent, and net borrowings cut to 17 per cent of shareholders' funds.

Pre-tax profit of the Irish-based group moved up from I£4.2m to I£6.74m (£6.14m). After a 14.4 per cent (8.8 per cent) tax charge earnings were 23.78p (17.01p). The final dividend is 4.74p, for a total of 7.41p (6.661p).

Turnover came to I£50.5m (I£34.9m). Business in the Republic benefited from a full year's sales from the Ergas acquisition and good organic growth, and turnover increased 39 per cent, said Mr James Flavin, chairman.

In Northern Ireland the group achieved considerable growth in all sectors and turnover was doubled. Mr Flavin said the substantial profit in Britain reflected a 38 per cent increase in turnover and a sharp reduction in overheads.

Hickson tumbles 44% to £10.2m

By Jane Fuller

REDUNDANCY costs and losses in the non-core floor covering business were among the causes of a 44 per cent fall in interim pre-tax profit at Hickson International, the formerly acquisitive chemicals concern.

Hickson also said it planned to sell part of its chemicals operation to reduce gearing. In December this stood at about 130 per cent on net debt of £107m, including £40m of convertible capital bonds.

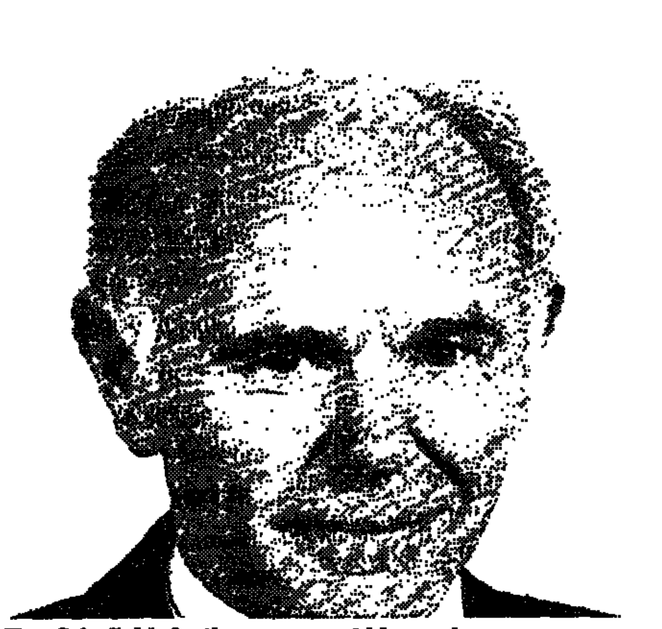
Mr Ken Schofield, chief executive, said borrowings had increased by between £5m and £10m in the first half to end-June, mostly because of adverse exchange-rate movements on the dollar portion.

Taxable profit fell from £18.3m to £10.2m after £3.84m of exceptional costs. These included between 250 and 300 job losses, about 10 per cent of the workforce.

Mr Schofield said further cuts would be made as the floor coverings arm was licked into shape. The divisional loss was £1.06m (£695,000 profit).

To make it saleable, costs of up to £3m would be incurred. These would probably be accounted for below the line.

The interim figures carried an extraordinary charge of £3.21m to cover losses on Komfort Systems, an office partitioning business that had been sold.



Ken Schofield: further cuts would be made

Mr Schofield said Komfort had only been bought two years ago and the total losses were nearly £9m. "Don't pin that one on me," he said. He only became chief executive in November.

Group turnover fell to £214.11m (£220.2m), which was more than accounted for by disposals. Operating profit was 16 per cent down at £18.4m (£21.96m) and interest charges increased to £4.32m (£3.66m).

In fine chemicals operating profit was relatively stable at £6.9m; performance chemicals fell to £4.6m (£6m); inorganic chemicals advanced to £5.3m (£4.7m); timber chemicals declined to £2.7m (£3.5m).

Earnings per share fell to 5.94p (11.25p) and the interim dividend is held at 2.85p.

Legal action in the US over fire retardant chemicals had cost £500,000 this year and the settlement could lead to $5m (£3m) being paid out over the next three years.

● COMMENT

When Mr Schofield joined the company in late 1988, his first reaction was: "What the hell are we doing in non-chemical businesses?" Considerable management changes have ensued since the acquisitive days between 1985 and 1989, when 19 companies were bought in seven countries. The trouble is that the new brooms have had only limited success in selling non-core businesses so, reluctantly, they are about to sell one of the "less growth orientated" chemicals operations. That, and a rights issue before the year-end would make the balance sheet look much more respectable. The spread of chemicals businesses – 30 per cent in the UK, 25 per cent in the rest of Europe, 30 per cent in the US – will then look quite attractive, especially under a management intent on making these assets work harder. A full-year pre-tax profit forecast of £22m gives a prospective multiple of 13.8 on yesterday's close of 180p, up 11p. The recovery from last September's low of 104p has probably gone far enough before clarification of the cash-raising programme.

GWR faces large loss from contracts row

By Peggy Hollinger

GREAT WESTERN Resources, the US coal, oil and gas company which is quoted in London, has suspended shipments to a customer responsible for almost 53 per cent of total group revenue in a legal dispute over supply contracts.

Mr Michael Humphries, vice-president of GWR, said yesterday that, as a result, the company would be reporting a substantial loss for the year. Last year the group reported net income of $4m on turnover of $152m (£90m).

The dispute centres on two long-standing contracts to supply coal to the South Carolina Public Service Authority. These contracts, which represent 70 per cent of GWR's coal revenues, were based on the premise that coal prices would rise significantly. Instead, they have fallen sharply since the mid-1980s and the SCPSA believes it is paying too much.

Since April, the US utility has been withholding payment to GWR's coal subsidiary. It has invoked a state statute which allows it to pay the amount into a court-held account until the dispute is settled.

Although a federal appeals court has ruled in favour of GWR, the utility has refused to release the cash.

Mr Humphries said GWR was awaiting the outcome of an emergency motion placed with the appeal court in July.

The group said its bankers, Citicorp, had approved the decision to suspend deliveries to the utility and were preparing plans which would enable GWR to service its $75m debt.

GWR is also planning measures to offset the loss in orders. About 170 full-time employees and some 200 contract workers have been laid off, exploration activity has been curtailed, and asset sales are under review.

Mr Humphries said GWR was confident that it would eventually receive the payments. However, he would not offer a guess as to when the affair would be settled.

Over the past 12 months, the group's shares have fallen from a peak of 242p to yesterday's all-time low of 33p.

The Kuwait Investment Office is the biggest shareholder with a 32 per cent stake.

Strong first half for Foreign & Colonial

By Philip Coggan, Personal Finance Editor

FOREIGN & Colonial, the UK's largest investment trust, yesterday raised its interim dividend 7 per cent after a strong first half in which net asset value increased by 24 per cent.

Growth in assets represented a rebound by F&C, following a disappointing 1990 when net assets fell by 24 per cent. The trust sowed the seeds of its success last year by borrowing money to invest in equities when share prices were depressed by the Gulf crisis.

The gearing effect allowed F&C to beat the FT-A All-Share Index in the first half of 1991. The rise in net assets to 188.8p between December 31 and June 30 compared with a 12 per cent increase in the All-Share over the same period.

The interim dividend is 1.07p (1p) and directors expect to recommend a final of 2.03p, making the year's total 3.1p (2.9p).

In the first half, money was moved out of the London market with the percentage of the portfolio invested in UK equities reduced from 48 per cent at end-1990 to 40.4 per cent on June 30. The remainder of the portfolio is split between North America 29.5 per cent, Japan 9.8 per cent, Europe 15.8 per cent, Far East 3.6 per cent and others 0.9 per cent.

F&C takes an aggressive currency management approach and benefited by the rise in the value of the dollar over the period.

Mr John Sclater, chairman, said: "As the year continues, we would expect world markets generally to move higher on growing evidence of recovery in the UK and US and some progress in the resolution of problems in Germany and Japan."

Total revenue was £25.7m, compared with £21.8m, and earnings per share were 2.19p (1.93p).

Polish onion provisions leave Sutcliffe Speakman loss at £18m

By Clare Pearson

LAST YEAR'S losses at Sutcliffe Speakman, the activated carbon company recently in dire financial straits, have turned out to be £17.7m.

This was £2.5m worse than estimated when shareholders agreed a rescue package in May and compared with a £1.22m profit previously.

Further provisions against a now discontinued diversification into dehydrating onions in Poland accounted for much of the difference, said Mr Frank Buckley, recently appointed chairman.

The loss for the year to end-March, struck after £5.1m of exceptional items and a £3.56m below-the-line debit, showed the incoming management adopting a "very prudent approach" said Mr Buckley, who replaced Mr John Bellak, chairman of Severn Trent Water, two months ago.

The extra provisions comprised £1.14m for a merchanting subsidiary which had been involved in the Polish joint venture and £600,000 for restructuring the ongoing businesses. Also, £700,000 was set aside for debtors and additional write-downs of stock and assets.

On current trading, Mr Buckley said that in the UK "the rebuilding of confidence in terms of both suppliers and customers is progressing satisfactorily". The US companies, which had not been so affected by recent turbulence in the company's affairs, were significantly ahead of last year.

Sutcliffe survived with the support of its bankers between the suspension of its shares last October and approval of its complex refinancing, when £14m was raised through a placing and offer to shareholders and more than £2m of debt capitalised into preference shares.

The rescue plan, finally approved on May 28, suffered a last-minute hitch when payment of a final dividend had to be shelved because it was discovered Sutcliffe had had insufficient reserves when it was originally recommended last August.

At the pre-tax line, the loss was £14.45m compared with a £3.01m profit. Turnover was £49m (£54.9m). Losses per share were 63.9p (9.5p earnings).

The environmental engineering division was sold last November for £12m, including debt.

HTV may face takeover bid

By Raymond Snoddy

HTV, the ITV company for Wales and the west of England, could face an early takeover attempt if it retains its franchise in the competitive tenders now being evaluated by the Independent Television Commission.

Two of HTV's rivals which have been outbid by HTV, Merlin Television and the C3W consortium, have had informal talks on the possibility of mounting a joint takeover if HTV wins.

The ITV company has bid more than £20m to retain its franchise ahead of runner-up Merlin which bid just over £19.5m. But all applicants, including the ITV companies, have to pass a quality threshold covering both programme plans and the viability of their business plans.

Under the Broadcasting Act, holders of commercial broadcasting licences can be taken over in the open market from the beginning of 1994. The newcomer must, however, be approved by the ITC and has to take on the obligations of the original bidder.

Given that HTV's pre-tax profits for 1990 fell to £5.3m, paying an annual bid price of more than £20m could impose a strain on the ITV company for at least the first couple of years of the the new franchise period.

The company could be vulnerable at the very moment when takeovers become possible.

The Merlin consortium includes Viscount Rothermere's Associated Newspapers, the television services company Trillion, and Chrysalis, the record and independent television production company.

The C3W group includes Flextech, the oil services and communication company, United Artists Entertainment of the US and RTE, the Irish national broadcaster.

Takeovers of ITV companies are theoretically possible from now until the October announcement of the results of the bids. This is then followed by a moratorium until the beginning of 1994.

Considerable corporate activity is then likely, as unsuccessful bidders, ITV companies which have lost their franchises, or American and continental European players who stayed out of the tenders, try to win broadcasting licences by acquisition.

Cargo Control in acquisition talks

In a letter to shareholders, Cargo Control, the car distribution group, said that because of a change in the year end to March 31, results for the 15-month period had not yet been finalised.

It was expected however, that an announcement would be made early next month.

At the same time the company said it expected to be able to reveal the outcome of talks which might lead to a significant acquisition.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 16.08.91: Pool purchase price £/MWh	Final Prices for Trading on 19.07.91: Pool purchase price £/MWh	Final Prices for Trading on 19.07.91: Pool selling price £/MWh
0030	15.84	17.73	19.38
0100	15.63	15.67	15.67
0130	15.51	15.61	15.61
0200	15.51	15.61	15.61
0230	15.51	15.61	15.61
0300	15.51	15.61	15.61
0330	15.50	15.61	15.61
0400	15.50	15.61	15.61
0430	15.51	15.67	15.67
0500	15.51	15.57	15.57
0530	15.51	17.32	18.98
0600	15.51	17.32	18.99
0630	15.67	17.32	18.99
0700	15.65	18.30	19.99
0730	16.99	18.77	20.46
0800	18.75	19.31	21.01
0830	18.77	21.28	23.04
0900	22.06	21.29	23.06
0930	22.59	21.30	23.07
1000	22.64	21.32	23.09
1030	22.67	21.33	23.11
1100	22.20	21.34	23.12
1130	22.25	21.35	23.14
1200	22.26	26.95	28.88
1230	22.20	26.93	28.83
1300	22.10	21.31	23.08
1330	19.85	21.28	23.05
1400	19.16	21.28	23.04
1430	19.16	21.27	23.04
1500	19.16	21.27	23.03
1530	18.76	21.27	23.02
1600	18.75	19.97	21.69
1630	18.75	21.27	23.00
1700	16.63	21.27	23.00
1730	18.40	21.27	23.02
1800	18.40	21.27	23.03
1830	18.40	18.97	20.67
1900	18.39	18.71	20.40
1930	16.54	18.31	19.99
2000	16.54	18.15	19.83
2030	18.78	17.70	19.36
2100	21.22	17.70	19.36
2130	21.22	17.70	19.38
2200	21.22	17.70	19.36
2230	18.03	18.10	19.77
2300	16.99	18.10	19.77
2330	16.99	17.32	18.98
2400	16.99	17.29	18.96

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.66/MWh becomes 1.666p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

THE PROPERTY MARKET

Imry chief has an easy manner in uneasy times

By Vanessa Houlder

Mr Martin Myers, the red-headed boss of Imry Group, is at first sight a rather unlikely hero of the property industry. It was his company which erected the grey, ugly and decidedly empty office block over the remains of the Shakespearean Rose Theatre in Southwark. And it was he who recently negotiated one of the largest restructuring packages that the property industry has ever seen.

But when the history of the latest property crash comes to be written, Mr Myers may be one of the few property developers of the 1980s who emerges with his reputation unscathed. "Very aggressive, not liked by everyone but a damned good businessman," is the verdict of one commentator who has followed the fortunes of the flamboyant, 49-year-old chief executive.

Neither of the controversies in which he has been involved appears to rattle Mr Myers in the least. He is proud of the building over the Rose Theatre, which initially earned him a barrage of abuse and even death threats. "Without us it would never have been saved," he says.

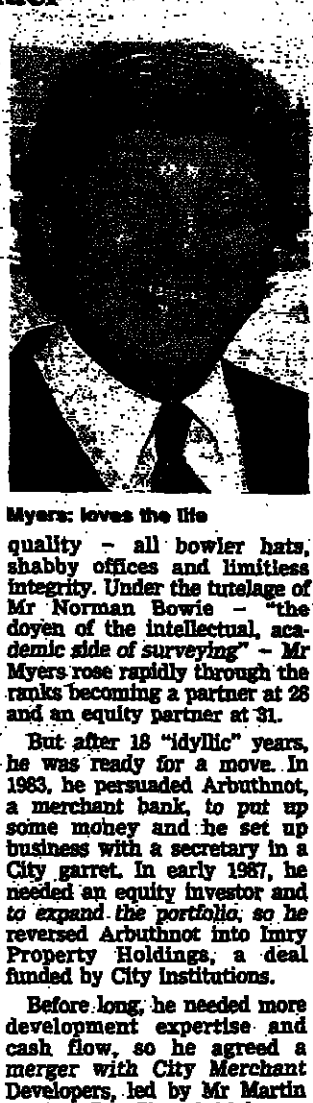
Rose Court was redesigned, at an extra cost of £10m, in such a way that the remains of the theatre can go on show. That will happen once the archaeologists decide how best to prevent the centuries-old wood from oxidising and once the Rose Theatre Trust has raised £5m to fit out the museum. "We have given it to the nation. Now the nation has to come up with the loot," says Mr Myers cheerfully.

Mr Myers is also unperturbed by the refinancing of Marketchief, Imry's parent company, in which Barclays Bank was forced to increase its loans to the companies to more than £400m. The problems were nothing to do with Imry which he says would have ridden out the downturn with impunity. Rather, the problems were those of the bank and Marketchief's shareholders, such as Eagle Star and Prudential-Bache, which took over Imry in 1989 in a £314m deal.

Marketchief's equity shareholders, which had paid a pound a share above asset value for Imry at the peak of the property boom, came out of the negotiations in June with just a pound coin in return for their initial investment.

Imry, for its part, came out with a new owner, the Canada-based businessman Mr Wolfgang Stolzenberg (who is prepared to take a long-term view, according to Mr Myers) and tens of millions of pounds of new funds. Mr Myers also got a £50m facility from Barclays for Commercial Property Corporation, a joint venture between Imry and his own management company for new investments and trading opportunities. Deals are promised "sooner, rather than later".

Mr Myers' career has followed a classic route: like so many property people, he earned his spurs as a chartered surveyor. He found himself in the 1960s at Jones Lang Wootton, at a time when the profession had an almost Dickensian quality – all bowler hats, shabby offices and limitless integrity. Under the tutelage of Mr Norman Bowie – "the doyen of the intellectual, academic side of surveying" – Mr Myers rose rapidly through the ranks becoming a partner at 26 and an equity partner at 31.



Myers: loves the life

But after 18 "idyllic" years, he was ready for a move. In 1983, he persuaded Arbuthnot, a merchant bank, to put up some money and he set up business with a secretary in a City garret. In early 1987, he needed an equity investor and to expand the portfolio, so he reversed Arbuthnot into Imry Property Holdings, a deal funded by City institutions.

Before long, he needed more development expertise and cash flow, so he agreed a merger with City Merchant Developers, led by Mr Martin Landau. The City's initial scepticism about the deal still appears to rankle. "We were *the* property company," he says. "We had no off-balance-sheet debt, no mortgage guarantees. The rental income from the investment portfolio covered administration and interest. Maybe half a dozen companies in 1989 could say that".

Mr Myers reckons that the structure of Imry Merchant and its financing have been vindicated. He favoured the "profit erosion method" of finance, in which a partner supplies the money and takes almost all the risks. While the developer may lose in the good years, the advantage is apparent in the current downturn. Instead of paying £9m a year in interest charges for a property like Rose Court, the financial burden is carried by its partner PosTel, the investment managers of the Post office and British Telecom pension funds.

With hindsight, the £315m bid from Marketchief could not have come at a better time for Imry shareholders. But Mr Myers claims some regrets about the offer. "Imry would have been the seventh- or eighth-largest quoted property company if it had not been taken over," he says.

Mr Myers, however, gives an impression of being happy with his lot. "We are running a company with a good large portfolio, no voids, no guarantees and we have a facility we can use when the time comes. I love the life. It is fascinating."

A window on expectations

THE PROPERTY futures market, which was launched three months ago by the London Futures and Options Exchange, has got off to a predictably slow start.

The volume of business in the commercial value contracts has only exceeded 200 lots a day on three occasions and at the start of this week, it sank to nothing. There has been even less business in the other three new property contracts (which cover commercial rents, residential property and mortgage interest rates).

"I don't think it has taken off yet," observes Mr Tim Bolton-Carter of James Capel, a designated broker for the market. "It will take time before it is accepted," he adds.

Mr Simon Cleaver, a new business development director at London Fox is sanguine about the level of business. "We are not euphoric, but we are quietly encouraged. It [the market] is here to stay."

The trades have been carried out by a limited range of brokers, end users and "locals", traders dealing on their own account. Few, if any, institutions appear to be using the market, probably because there is insufficient volume to make it worthwhile.

The only high profile user to emerge so far is British Land, which says it is motivated by "pure self-interest" and the belief that an active futures market will increase liquidity in the underlying market. It is providing liquidity to the market by taking up arbitrage opportunities, rather than hedging its own positions.

"We have no doubt that if there an increase in liquidity, long-term there will be an improvement in yields," says Mr Nick Ritblat of British Land. "We are only sorry that other large users can't get to grips with it."

But however tepid the initial interest in the futures market, it is providing an interesting insight into expectations about the future performance of property. It suggests that the market will bottom out at Christmas, painting a slightly more optimistic picture than was evident at the time of the launch.

Vanessa Houlder

Total return (%)

	Retail	Office	Industrial	All Properties
Year to June 91	-3.5	-10.4	-0.5	-5.8
Quarter to June 91	0.8	-2.1	2.0	-0.1
Month of June 91	0.4	-0.5	1.0	0.2

Investment Property Databank

LEGAL NOTICES

NOTICES TO HOLDERS
OF
EUROPRIME CAPITAL CORPORATION
(the "Company")
1988 9¹/4% CONVERTIBLE DEBENTURES DUE DECEMBER 31, 1993
1990 9¹/4% CONVERTIBLE DEBENTURES DUE DECEMBER 1, 1995
(collectively the "Debentures")

NOTICE OF DEFAULT

Notice is hereby given that the Company has failed to make the interest payments due June 30, 1991 on the coupons of both of the above-noted series of Debentures.

The Trustee has been notified of the Company's intention to call a meeting of Debentureholders in connection with this matter, notice of which follows.

CENTRAL GUARANTY TRUST COMPANY,
TRUSTEE

NOTICE OF MEETING OF THE HOLDERS OF ABOVE-NOTED DEBENTURES OF EUROPRIME CAPITAL CORPORATION

Notice is hereby given that a meeting of the holders of the Debentures issued under and secured by a deed of trust (herein referred to as the "Principal Trust Deed") made as of the 30th day of September, 1988 between the Company and Guaranty Trust Company of Canada as amended and/or supplemented by a supplemental deed of trust (herein referred to as the "Supplemental Trust Deed") made as of May 15, 1990 between the Company and Central Guaranty Trust Company (herein referred to as the "Trustee"), successor to Guaranty Trust Company of Canada (the Principal Trust Deed as so amended and/or supplemented by the Supplemental Trust Deed being hereinafter referred to as the "Trust Deed") will be held at the HOTEL LE ROYAL, 12 BOULEVARD ROYAL IN THE GRAND DUCHY OF LUXEMBOURG, ON THE 11TH DAY OF SEPTEMBER, 1991, AT THE HOUR OF 5.00 P.M., local time, for the purpose of passing extraordinary resolutions pursuant to the provisions of the Trust Deed for the following purposes, namely:

1. To sanction the exchange of each $1,000 principal amount of the Debentures for 1,000 1991 Series I Class "A" Preference shares in the capital of the company (the "Preference Shares");
2. To require the holders of the Debentures to deliver their Debentures to the Trustee together with all coupons pertaining thereto maturing on or after December 31, 1991, so that the Debentures may be exchanged for the Preference shares;
3. To authorize and direct the Trustee to waive any and all defaults under the Principal Trust Deed and Supplemental Trust Deed existing as of the date of the meeting or any adjournment thereof;
4. To pass such further extraordinary resolutions as may be necessary, appropriate or expedient to carry out the foregoing.

This notice is given pursuant to the provisions of the Trust Deed to the intent that any extraordinary resolutions passed at the meeting or any adjournment thereof shall, if passed in accordance with provisions contained in the Trust Deed in that behalf, be binding upon all of the holders of the Debentures (both holders of 1988 Debentures and holders of 1990 Debentures) whether or not represented and voting at any such meeting or any adjournment thereof and each of the holders of the Debentures and the Trustee shall, subject to the provisions of the Trustee's indemnity in the Trust Deed, be bound to give effect thereto accordingly and to the further intent that in considering and/or passing any resolution, extraordinary or otherwise, such meeting may modify, amend, change, amplify, add to or omit any of the matters and things herein before specified, it being stipulated that the foregoing does not purport to specify the terms of any of the resolutions to be passed at the meeting but only to indicate the general nature of the business to be transacted thereat and in general terms the subject of any extraordinary resolution to be submitted thereat.

Copies of the Regulations pertaining to appointing proxies made by the Company and approved by the Trustee under the Trust Deed and this notice have been mailed to holders of the Debentures to the addresses set forth in the subscription forms in the possession of the Company together with forms of deposit certificates, proxies and other materials to enable such holders to be present and vote at such meeting and at any adjournment thereof by proxy. Additional copies of such documents, together with instructions, may be obtained on application to the Company at Suite 1073, 3 Bentall Centre, P.O. Box 49057, 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1C4.

DATED at Vancouver, British Columbia, the 9th day of August, 1991.

Europrime Capital Corporation
by: Douglas R. Day,
President.

OBITUARY

DOMINIQUE ALEXI, EMMANUELLE AND SOPHIE

DEEPLY TOUCHED BY THE DEATH OF THEIR FATHER AND GRANDFATHER.

JOHN FIELD

DOMINIQUE GREENFIELD-FODERA
RIVA PARADISO, 32
6900 LUGANO

CONTRACTS & TENDERS

NEW NOTE PRESS PROJECT
RESERVE BANK OF INDIA
TENDER NOTICE

Ref. No. BNM/8/1991

Sealed tenders are invited from reputed reliable Indian/Overseas manufacturers for supply of the following equipment as per the tender specifications and delivery schedules for the New Note Press Project at Mysore, Karnataka and Salboni, West Bengal.

Package No.	Description	Total Qnty.
AE 1	Sheet counting machine	72
	Note counting machine	
AE 2	-Big (1000 note bundles)	48
AE 3	-Small (100 note packets)	24
AE 4	Heavy duty wire stitching machine	8
AE 5	Guillotine	6
AE 6	Shrink wrapping machine (Big-25 bundles)	6
AE 7	Shrink wrapping machine (Small-1 bundle)	4
AE 8	Manually operated single note numbering machine (Desk Top)	14
AE 9	Shredding, Granulating & Briquetting machine	4
AE 10	Die punching machine	14

The tender documents for each package may be purchased at the following address from Monday 19th August to Friday 23rd August 1991 on payment of Rs. 500/- only per set towards the cost of the tender documents which is non-refundable.

Duly authorised Agents/Representatives in India of foreign principals may purchase tender documents on behalf of their principals. They must produce due authorisation from their principals at the time of purchase of the required sets of tender documents. Preference will be given to tenders received directly from the manufacturers themselves.

Only offers complete in all respects including earnest money bank guarantees as stipulated in the tender documents should be submitted.

Tenders for each of the above listed packages shall be submitted in separate sealed covers as specified in the tender documents and clearly marked "Tender for Auxiliary Equipment - BNM/8 Package No. .... ". The sealed covers should reach the following address before 13.00 hrs. IST on Tuesday, 22nd October, 1991.

Managing Director (designate),
New Note Press Project,
Reserve Bank of India,
Ground floor, Garment House,
Dr. Annie Besant Road,
Worli, Bombay 400018

New Note Press Project, Reserve Bank of India reserves the right to reject any or all of the offers without assigning any reasons.

COMMODITIES AND AGRICULTURE

Platinum price gloom deepens

By Richard Mooney

FORECASTS BY Tokyo traders that the platinum price could soon fall to $320 a troy ounce looked less far-fetched yesterday after an overnight dip in the Japanese market took it to $336 an ounce.

By comparison the opening tone on the London market proved something of a relief to holders of the white metal, although the morning fix of $340.50 an ounce, down $5.50 from Wednesday afternoon's level, set a fresh 5½-year low.

"Sentiment is really awful and I don't see support before $320," Mr Victor Bielski, analyst with broker W.I. Carr, *told the Reuters news agency.*

At the afternoon fixing the price was set a little higher at $342.50 an ounce, but its discount against the gold price had widened to $16.15 an ounce. Until the last few *weeks platinum had been* regarded as the premium *metal of the two* and recent years had seen it at a discount only very occasionally and very briefly. At the start of this year its premium was $18.25 an ounce and a year ago it was more than $90 an ounce.

Everything has gone wrong for platinum this year, however.

Soviet exports of the metal have soared; Nissan, the Japanese motor company, has announcement the development of a platinum-free catalytic converter for cleaning exhaust fumes (though its *potential range of application* remains in doubt); and the US *has plans to sell platinum* (among other commodities) from its strategic stockpile.

Most recently, Rustenburg South Africa decided to go *ahead with an important new* platinum mine.

The heaviest blow for the market, however, has been the sudden and widespread disenchantment of Japanese investors, traditionally the main supporters of the metal. Wave after wave of Japanese selling has hit the price over the last few weeks, trimming it by about $40 an ounce. And analysts believe there is still more to come. The Tokyo futures market's long holders of the metal are facing big losses and the best most can hope for is to see *those losses* reduced.

The question traders are *asking themselves* now is how long the remaining Japanese "*longs*" will hold out, knowing as they do that any useful rise in the price could unleash a new wave of selling that may push it down still further.

'No sign yet' of a coffee price recovery

By Richard Mooney

THERE IS no sign yet of the coffee market breaking out of the downward price trend that has been established since early April, according to E.D. & F. Man, the London trade house.

"*There have been two cool* weekends in the Brazilian cof*fee areas but the risk of frost* is receding," Man says in the latest isssue of its World Coffee Situation report. "The last time a serious frost occured after mid-August was in 1913," it notes.

"Meanwhile the continuing depreciation of the cruzeiro means that the dollar equivalents of internal prices in Brazil are moving lower and lower relative to international levels, resulting in some large fresh sales by exporters."

The *Man* report *adds that* the premiums for milder types *of coffee* have also been under pressure because El Salvador *and other producing countries* have been attempting to reduce stocks before their 1991-92 crops begin to arrive.

At the same time roasting activity is at a seasonal low.

Looking ahead to the negotiations on the future of the International Coffee Organisation at the end of next month Man comments: "In general it appears that producers positions have not changed a great deal since 1989 [when the ICO's price-supporting export quota system was suspended], despite two years of very low prices".

Supporters of the *ICO like* Colombia, Guatemala and *Indonesia, seem to be adopting* the same line, according to *Man. It says that their attitude* could be summed up as: "We *support anything that* will increase prices but if export quotas come into force again then we want a bigger share in the total".

It also notes that public comments from Colombia, the second-biggest producer after Brazil, have tended to identify co-operation amongst producers in retaining stocks rather than a return to ICO export quotas as the way forward. "Whether Brazil can be persuaded to follow this route *remains to be seen", it adds.*

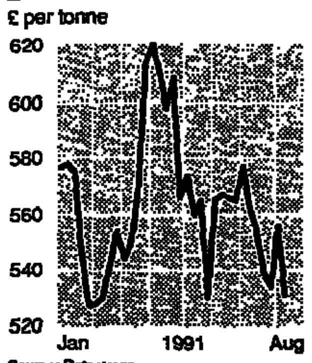
● The state will play a far smaller part in the Ivory Coast's cocoa and coffee sectors next season under major reforms governing the country's two main export crops, according to the country's official daily newspaper Fraternité Matin, reports Reuters from Abidjan.

"The agricultural sector can no longer expect sizeable subsidies," the newspaper said, quoting changes outlined by Mr Lambert Kouassi Konan, the Agriculture Minister.

No mention of producer prices for the coming 1991-92 crop year was made. Officials have said they will be calcu*lated on the basis of big for*ward sales made before the *season starts in October.*

Coffee futures

£ per tonne



Source: Datastream

Reynolds experts forecast aluminium demand surge

By Kenneth Gooding, Mining Correspondent

ALUMINIUM demand, fuelled by a stronger world economy, will rise by 5.7 per cent in 1992 and by 4.9 per cent *the following* year, according to the economic affairs *department* at Reynolds Metals, the second-*largest aluminium* group in the US.

Demand for the metal grew by only 1.2 per cent in 1990 and the department sees another increase of 1.2 per cent this year to 15m tonnes.

It points out that the projected increases for 1992-93 are "relatively modest" compared with similar points in the economic cycle in the past. For example, demand for aluminium rose by 28.4 per cent in 1976, the first year of recovery from the 1975 recession, and by 9.4 per cent in 1983, the first *year of recovery from the 1982* recession.

"*Thus, we may be a bit* overly pessimistic in our forecasts," it suggests.

The department estimates that demand in Europe, the largest consuming region for primary aluminium, will rise by 1.1 per cent this year and accelerate to 2.6 per cent in 1992 and 2.5 per cent the following year.

Consumption in North America, the second-largest region, is forecast to shrink this year by 0.6 per cent and then rebound in *1992* by 6.6 per cent and in 1993 by 4.5 per cent.

Demand in Asia, the third-*largest consuming region,* should rise by 5.9 per cent this year and then by 6.5 per cent in 1992 and by 6.6 per cent the following year.

Brazil's economic problems pulled down Latin American demand by 9.9 per cent last year and will hold growth to only 1.5 per cent in 1991 but growth should rebound sharply in 1992.

On the supply side, it points out that new smelter capacity surged in the first half of 1991 with four new potlines coming into operation (two in Quebec, two in Brazil), as *well as* a number of smaller modernisation projects. This increase in capacity was the largest for more than ten years and the second biggest since 1972.

Only a modest increase in capacity is scheduled for the second half of this year and the department expects production, which has been rising rapidly, to level out.

"We expect a cyclical improvement in supply and demand for 1992 and 1993," it adds.

Reynolds Metals concludes: "Rising demand and *more* modest increases in production *will combine to push down* stock levels. Thus we expect tightening *supply-demand* conditions through the 1992-93 period. *In fact, supply-demand* may become extremely tight in 1993 in a return of 1988 conditions."

Western World Primary Aluminium ('000 tonnes)

	1993	1991	1989	1987	1985
Supply					
Production*	16,012	15,002	14,465	12,952	12,308
Stockpile change	+25	+45	–	–	–109
Net imports from Soviet Union	300	350	170	185	–235
Discrepancy	–	–	–20	+206	+46
Total	16,287	15,307	14,615	13,343	12,228
Demand	16,603	14,973	14,623	13,789	12,533
Ending stocks	1,988	2,670	2,125	1,988	2,737
Days supply	47.2	61	53.1	58.5	82.8

* Including Yugoslavia

El Teniente miners extend strike by rejecting offer

By Pablo Bachelet in Santiago

IN A surprise turn of events, a majority of members of seven of the El Teniente mine's eight unions spurned the latest contract offer by the Chilean Copper Corporation (Codelco) in a secret ballot held all day on Wednesday. In doing so they chose to prolong the strike under way since August 1.

A total of 5,100 miners participated in the balloting – out of 5,651 registered to vote – and 58 per cent rejecting the contract.

The ballot, however, reflected a growing division in the labour movement. A vote on August 2 saw over 90 per *cent of the miners reject a sim*ilar proposal.

*It has generally been expec*ted that workers, now feeling the financial squeeze *from the* work stoppage, would approve the package.

It included a 240,000 pesos ($1,349) one-time bonus, 22-day vacations instead of 15, a profit-sharing mechanism, and other perks. Unions, on the other hand, are demanding a real increase in wages, in the order of 3 to 8 per cent.

"I am baffled by the outcome of the vote," said one trader. But he added that the company's position was still strong.

"Codelco can withstand the strike for up to one month, and after that there is plenty of copper in the London Metals Exchange for the company to go out and buy it." The trader, who has close contacts with management and *labour,* believes that Codelco is prepared to prolong the deadlock to the unions' will. "The company's offer was the *best it* could give," he added.

*Mr Alejandro Noemi, presi*dent of Codelco, qualified the workers' demands as "out of touch *with the reality* of the company." He held day-long face-to-face *talks with Union* Member No. 8, the largest *organisation with 3,050 miners* inits ranks, on Tuesday, to no *avail. The syndicate is negotia*ting separately with management and did not participate in the vote on Wednesday.

Mr Noemi called off negotiations with it, alleging his car was subject to physical aggression by miners manning picket lines outside Codelco's main office here.

Mr Juan Marambio, head of Union No. 8 negotiating team, regretted the incident, but called it "minor." He said that the two sides had been getting close to a settlement and called upon the company chief to head the talks personally. Mr Noemi has so far steadfastly refused to do so saying that El Teniente management was quite capable of reaching solution itself.

For their part, the miners are moving to pressurise the government as the owner of Codelco, the world's largest copper producer, with an output of 1.15m tonnes in 1990.

Mr Sergio Shipley, head of the union negotiating committee, *said that on Friday* all the miners will march to the Moneda presidential palace, located about 80 miles from the mine, because "in Teniente there are no resources to satisfy our demands. We must, therefore, go and talk directly with the president of the republic."

However, Mr Juan Hamilton, minister of mining, condemned the alleged assault on Mr Noemi's car and repeated on Wednesday the long-standing government *policy* of not intervening directly in the talks.

The *strike* at El Teniente, which followed a similar work-*stoppage in July at the Chuqui*camata copper mine, the *world's largest, has come at a* time when the Chilean copper *sector* is experiencing strong growth.

Mr Hamilton has said that Chilean output of fine content copper this year, spurred by the BHP's new La Escondida copper mine, which is expected to export 250,000 tonnes this year, should reach 1.8m tonnes, a 12 per cent rise over 1990.

In 1994 Chile should pass the 2m tonnes mark, as a series of new mines come on stream, including Exxon's Los Bronces, Outukumpo/Luksic's Lince, Goldstar Luksic's Pelambres, among others.

Mr Hamilton said that an additional $5.7bn in new projects are in the pipeline, mostly in copper but also in gold, silver and mineral salts.

Meanwhile, at the El Indio gold and copper mine, *also* on strike since August 1, management and workers met on Tuesday and failed to reach an *agreement, prompting workers* to send a telex to Lac Minerals in *Toronto* announcing the start of a campaign to persuade the *government to* "nationalise" the installations.

News that the El Teniente strike was continuing after all lifted copper prices at the London Metal Exchange in early dealings. But the impact quickly wore off and by the close the cash price was £2 down at £1,314 a tonne. Traders pointed out that Chile was still forecast*ing record copper production* for this year.

Start-up of Zaire copper smelter project reported

ZAIRE'S state-owned mining company Gecamines plans to open a copper smelter in Zaire in September, Reuter reports from Brussels.

AZAP, the national news agency, quoted Mr Mwila Ley, a company spokesman, as saying the new refinery would not mean an end to Belgium refining Zairean copper. The aim was to increase capacity, he said.

Gecamines officials in Brussels were not available for comment.

Zairean copper is refined in Belgium by Acec-Union Minière, a subsidiary of Belgian holding company Société Generale de Belgique. *It* gets about a third of its copper from Zaire.

Zaire will export at least 300,000 tonnes of copper in 1991 compared with *330,000 tonnes* in 1990, Mr Atundu Liongo, *chairman and managing direc*tor of Gecamines Commerciale, said recently.

Zaire's copper production was expected to rise to 470,000 tonnes in 1994-95, according to AZAP.

The report made no reference to the force majeure declared by Gecamines in May on Zairean copper deliveries.

Acec-Union Minière is not worried about Zairean plans to *open a copper smelter,* an Acec-Union Minière spokesman said.

Traditionally the Belgian company has obtained most of its copper from Zaire but recently *sought* other sources. Gecamines still supplies a third of *Acec-Union Minière's* copper but 20 per cent now *comes from the Cananea mine* in Mexico. Another 15 per cent *is a by-product of Acec-Union* Minière's other refining activities while *the* rest is bought on the market.

UK cereal farmers' usage of nitrogen fertilisers declines

By Our Agriculture Staff

CEREAL FARMERS in the UK are using less nitrogen fertiliser than they were five years ago and have changed the pattern of their fertiliser applications in response to concerns about nitrate pollution, according to a report from the Home-Grown Cereals Authority.

Total usage of nitrogen has fallen noticeably in recent years, it says. But the most marked change has been a sharp decline in the autumn use of fertilisers.

A random sample of 1,172 farms over 20 hectares (49.4 acres), selected from the total number of holdings in England and Wales, showed that in 1990 only 10 per cent of winter wheat crops and 16 per cent of winter barley crops received autumn nitrogen applications.

This compared with 44 and 50 per cent respectively in 1985.

The figures come from a *recent survey by the UK Agri*cultural Development and *Advisory Service in collabora*tion with the Fertiliser Manu*facturers Association* and the Institute of Arable Crops Research at Rothamsted.

According to the cereals authority's report, the pattern of fertiliser application has altered as a result of changes in advice to farmers from the advisory service.

Research showed that applying nitrogen in the autumn conferred little economic or practical benefit to the final crop but could increase nitrate leaching into the soil and thus water courses.

The survey findings are important because they could mean that the increasingly stringent European Community regulations aimed at reducing the leaching of nitrates into water supplies can be at least partly met through changing agricultural practices rather than by heavy *cuts in fertiliser use.*

According to the Fertiliser *Manufacturers Association's* review for 1991, total nitrogen *consumption in the UK actu*ally increased in 1990, though "this has not changed the underlying trend of a *decline*".

Consumption in 1990 was still over 4 per cent less than in 1987 and "is expected to continue to decline in the foreseeable future, particularly with the increasingly gloomy general economic state of the agriculture industry."

However, the authoritity notes that Britain's very limited voluntary scheme to limit the use of nitrogen fertiliser may have to be extended as a result of increasing pressure from environmentalists.

In 1989 the UK government announced details of a pilot schemefor *10 nitrate sensitive* areas covering some 11,000 hectares acres of agricultural land.

By *last May,* 80 per cent of farmers in the 10 areas had applied to join the *schemes* which pay varying levels of *compensation according to the* extent of restrictions on nitrogen fertilisers.

The HGCA says it seems *likely that the nitrate sensitive* areas will be extended, while it warns that "*compliance* with any new scheme in the future could be of a more *mandatory* nature".

WORLD COMMODITIES PRICES

MARKET REPORT

THE GOLD market yesterday resisted the temptation to follow the platinum price still lower, benefitting from a technical reversal of the recent downtrend. And its $1.40 rise to $358.65 a troy ounce encouraged a modest upturn in the silver market too. Traders said the silver market, which rose by 2.9 cents to 397.50 cents an ounce in the cash position, looked "*technically* more constructive". At the London Metal Exchange *the aluminium market* continued its gentle slide with the *cash position falling* $4.50 to $1,253 a tonne, the lowest level *for nine weeks. The three months* position, which closed $6 down at $1,282.50 a tonne, had earlier dipped to $1,272 and looked like testing the life-of-contract low of $1,250 a tonne. Nickel also extended its recent fall, with the cash position closing at $8,155 a tonne, down $20 on the day and losing its premium over three months metal, after an early rally had run out of momentum. Dealers said the approach of the labour contract expiry at Falconbridge's Sudbury works in Canada appeared to be having little *influence and suggested that the* market might be on course to test *a downside target for three* months metal of $8,075 a tonne, *$82.50 below yesterday's closing* level.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.15-6.25z	
Brent Blend (dated)	$19.15-9.30	+.025
Brent Blend (Oct)	$19.40-9.50	+.025
W.T.I. (1 pm est)	$21.25-1.35z	+.025
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$243-245	-4
Gas Oil	$186-187	-2
Heavy Fuel Oil	$67-69	-1
Naphtha	$199-201	-1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$358.65	+1.4
Silver (per troy oz)♣	397.5	+3.0
Platinum (per troy oz)	$342.5	-3.5
Palladium (per troy oz)	$78.85	-3.05
Copper (US Producer)	106c	
Lead (US Producer)	50c	
Tin (Kuala Lumpur market)	15.36	-0.04
Tin (New York)	262	-1
Zinc (US Prime Western)	60c	
Cattle (live weight)†	107.0p	-0.43*
Sheep (dead weight)†	129.5p	+6.60*
Pigs (live weight)†	83.52	+0.86*
London daily sugar (raw)	$230.8	+3.6
London daily sugar (white)	$318	+0.5
Tate and Lyle export price	£251.5	+2.5
Barley (English feed)	£109.5	
Maize (US No. 3 yellow)	£179	
Wheat (US Dark Northern)	£101.5	
Rubber (Sep)♥	52.75	
Rubber (Oct)♥	53.25	
Rubber (KL RSS No 1 Sep)	227.5	-1
Coconut oil (Philippines)§	$472.5q	-2.5
Palm Oil (Malaysian)§	$342.5z	
Copra (Philippines)§	$300	-5
Soyabeans (US)	£148.5	-1.5
Cotton "A" index	71.20	-0.5
Wooltops (64s Super)	367p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct t-Oct/Dec u-Sep x-Jul/Aug y-Aug/Sep z-Oct |-Oct/Nov. †Meat Commission average latstock prices. *change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Oct	195.60	195.00	197.00 193.00
Dec	186.00	185.00	185.20 184.00
Mar	181.00	180.00	181.40 179.40
May	183.20	182.80	181.00 181.60
Aug	200.00	185.40	194.40 185.00
Oct	188.00	186.40	188.00
White	**Close**	**Previous**	**High/Low**
Oct	281.0	278.5	279.5 278.0
Dec	270.0	268.9	268.5 268.2
Mar	268.0	267.0	268.0 266.0
May	268.3	267.0	268.0 268.5
Aug	269.5		267.2 267.0
Oct	249.5		249.5 248.0
Dec	248.5		245.0

Turnover: Raw 721 (721) lots of 50 tonnes.
White 1301 (940)
Paris- White (FFr per tonne): Oct 1648

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low
Sep	19.29	19.29	19.35 19.24
Oct	19.46	19.45	19.51 19.35
Nov	19.53	19.56	19.60 19.50
Dec	19.58	19.60	19.61 19.51
Jan	19.50	19.52	19.50
Feb	19.42	19.50	19.50 19.41
IPE Index	19.43	19.51	19.43

Turnover 16948 (12238)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low
Sep	186.75	187.00	188.75 185.25
Oct	187.50	188.50	188.25 187.25
Nov	189.50	190.25	189.75 189.25
Dec	190.50	191.25	190.75 190.00
Jan	188.25	188.25	188.25
Feb	184.00	184.50	184.00
Mar	177.00		177.00
Apr	173.75	174.25	173.75
May	171.00	172.00	171.00

Turnover 3783 (7356)lots of 100 tonnes

JUTE

Oranges outspan 10-30p each depending on size are this weeks best buy reports the FFVIB. Cyprus seedless sultana grapes 46-75p a lb. Peaches and nectarines are plentiful at 15-30p each. Grapefruit, outspan red 40-45p each and white 25-35p each. Mushrooms are this weeks best vegatable buy at 60p-£1.10 depending on variety. Cougettes at 35-80p a lb and cauliflower at 30-55p each. English carrots at 15-22p a lb English main crop potatoes at 12-14p a lb. Celery is excellent quality and in peak season 45-65p per head. Iceberg lettuce at 48-65 each and round lettuce at 25-35p each. Spring onions are 25-35p a bunch

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
Sep	667	658	675 658
Dec	708	698	713 697
Mar	741	734	747 734
May	757	753	766 755
Jul	776	772	783 774
Sep	798	791	802 793
Dec	821	814	825 814
Mar	843	838	845 842
May	859	855	864 857
Jul	877	871	881 872

Turnover: 7676 (7200) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Aug 14 841.43 (825.83) 10 day average for Aug 15 845.82 (844.57)

COFFEE – London FOX (£/tonne)

	Close	Previous	High/Low
Sep	508	506	514 506
Nov	531	530	536 530
Jan	553	550	557 552
Mar	570	569	575 568

Turnover:3295 (6278) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Aug 15 : Comp. daily 62.66 (61.64) 15 day average 63.16 (63.24)

POTATOES – London FOX (£/tonne)

	Close	Previous	High/Low
Apr	109.0	109.9	112.5 108.5

Turnover 121 (454) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)

	Close	Previous	High/Low
Oct	126.50		126.50
Dec	131.50	133.00	132.00 131.00
Jun	136.00		136.00

Turnover 255 (20) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)

	Close	Previous	High/Low
Aug	1578	1565	1575 1570
Sep	1660	1647	1665 1650
Oct	1702	1685	1706 1690
Jan	1702	1686	1706 1690
BFI	1518	1492	1518

Turnover 220 (149)

GRAINS – London FOX (£/tonne)

Wheat	Close	Previous	High/Low
Sep	111.90		111.90 111.80
Nov	115.65	115.40	115.75
Jan	119.25	118.95	119.20 119.10
Mar	122.60	122.25	122.60
May	125.50	125.25	125.40
Jun	127.10		127.00
Barley	**Close**	**Previous**	**High/Low**
Sep	109.40	109.45	109.50 109.40
Nov	113.45	113.40	113.60 113.45
Mar	119.65	119.55	119.65

Turnover: Wheat 222 (255), Barley 95 (145).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Oct	96.5	96.5	96.2 96.0
Nov	100.0	100.0	100.0 99.0
Jan	100.0	100.0	99.0

Turnover 21 (33) lots of 3,250 kg

NIKKEI – London FOX

	Close	Prev.	High	Low	Vol
Indx	136.82	137.54			
Sep	137.80	138.30	138.30	137.60	105
Oct	138.40	139.20	138.70	138.40	65
Dec	[illegible]	139.90	139.50	139.20	60

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 17,490 lots
Cash	1252-4	1257-8	1241	1240-1		
3 months	1282-3	1288-9	1288/1272	1271-2	1281-2	106,434 lots
Copper, Grade A (£ per tonne)						Total daily turnover 9,044 lots
Cash	1313-5	1315.5-6.5	1320/1307	1315-6		
3 months	1339-40	1340-1	1348-1336	1341-2	1340-1	121,580 lots
Lead (£ per tonne)						Total daily turnover 1,078 lots
Cash	320.5-1.5	320.5-1.5		321.5-2.0		
3 months	332.5-2.75	332.5-3.5	334/332.5	333.5-4.0	332.5-3	15,013 lots
Nickel ($ per tonne)						Total daily turnover 2,500 lots
Cash	8150-60	8175-85	8155/8150	8150-55		
3 months	8155-60	8160-70	8160/8150	8151-55	8155-60	14,006 lots
Tin ($ per tonne)						Total daily turnover 1,297 lots
Cash	5640-45	5660-5		5654-55		
3 months	5730-33	5751-2	5740/5725	5740-43	5725-26	7,035 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 7,308 lots
Cash	1055.5-6.5	1057-8	1057	1057-7.5		
3 months	1072-2.5	1074-5	1074/1072	1073.5-4.0	1072-3	27,559 lots

LME Closing £/$ rate: SPOT: 1.6880 3 months: 1.6674 6 months: 1.6486 9 months: 1.6319

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	358.40-358.90	
Opening	358.00-358.40	
Morning fix	358.00	212.652
Afternoon fix	358.35	211.728
Day's high	360.00-360.40	
Day's low	357.80-358.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.19	6 months	5.04
2 months	5.15	12 months	5.00
3 months	5.10		

Silver fix	p/fine oz	US cts equiv
Spot	235.60	397.00
3 months	242.15	402.40
6 months	248.35	408.25
12 months	260.50	420.40

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	358.50-359.60	212.00-212.50
Maple leaf	366.50-367.50	215.50-218.00
New Sovereign	86.00-87.00	51.00-51.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Dec	Sep	Dec
1150	113	146		4
1250	25	68	11	25
1350	1	23	86	77
Copper (Grade A)	**Calls**		**Puts**	
2100	133	150	1	31
2200	50	88	18	67
2300	9	47	77	123
Coffee	**Sep**	**Nov**	**Sep**	**Nov**
450	58			
500	11	36	3	8
550		10	42	20
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
625	43	97	1	15
650	23	79	8	22
675	9	64	17	32
Brent Crude	**Oct**	**Nov**	**Oct**	**Nov**
1900	15		20	
1950	35		24	39
2000	18	19	70	

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Aug	357.0	357.8	358.5	357.5
Sep	357.7	358.6	0	0
Oct	359.4	360.3	362.5	359.2
Dec	362.7	363.6	366.0	362.6
Feb	365.9	366.8	368.0	366.0
Apr	368.9	369.9	370.0	370.0
Jun	372.1	3373.1	0	0
Aug	375.4	376.4	0	0
Oct	378.6	379.6	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Aug	339.6	343.4	341.9	341.9
Oct	341.0	346.9	345.0	340.5
Jan	345.1	351.2	348.0	344.5
Apr	349.1	355.2	352.5	350.0
Jul	353.1	359.2	358.0	354.0
Oct	359.4	367.2	365.0	365.0
Oct	387.9	387.5	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Aug	392.0	395.4	0	0
Sep	393.0	396.5	398.5	392.5
Oct	395.0	398.5	0	0
Dec	399.5	403.1	405.0	399.0
Jan	401.0	404.6	0	0
Mar	406.2	409.8	410.0	406.5
May	411.0	414.6	416.0	414.5
Jul	415.7	419.3	0	0
Sep	420.4	424.0	425.0	425.0
Dec	428.1	431.8	431.5	429.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	100.60	100.80	101.25	100.60
Sep	100.85	100.80	101.25	100.65
Oct	100.35	100.40	100.50	100.25
Nov	99.95	100.05	0	0
Dec	99.60	199.70	0	99.40
Jan	99.15	99.25	0	0
Feb	98.70	98.80	0	0
Mar	98.25	98.35	98.65	98.35
Apr	97.80	97.90	0	0
May	97.40	97.50	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	64.03	65.60	64.15	63.35
Dec	64.90	66.55	65.10	64.35
Mar	66.25	67.40	66.60	65.82
May	66.95	66.75	67.40	66.75
Jul	67.80	66.50	68.00	67.70
Oct	67.00	0	67.00	67.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Sep	21.30	21.27	21.35	21.17
Oct	21.28	21.28	21.35	21.17
Nov	21.28	21.27	21.31	21.18
Dec	21.23	21.25	21.29	21.15
Jan	21.12	21.14	21.16	21.07
Feb	21.04	21.03	21.08	20.97
Apr	20.74	20.79	20.79	20.74
May	20.68	20.70	20.68	20.67
Jun	20.64	20.64	20.64	20.64

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Sep	5980	5945	5990	5940
Oct	6075	6045	6080	6035
Nov	6180	6150	6190	6160
Dec	6275	6245	6280	6250
Jan	6285	6273	6300	6265
Feb	6170	6143	6175	6150
Mar	5915	5888	5935	5890
Apr	5680	5668	5710	5670
May	5515	5508	5515	5510
Jun	5648	5670	5725	5595

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1065	1047	1075	1062
Dec	1125	1112	1139	1125
Mar	1167	1152	1178	1167
May	1190	1177	1199	1190
Jul	1211	1199	1221	1216
Sep	1239	1223	1240	1237
Dec	1267	1254	1270	1270
Mar	1308	1290	1308	1300
May	1334	1315	0	0
Jul	1352	1338	1352	1347

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	79.85	80.70	81.00	79.80
Dec	83.50	84.55	84.40	83.50
Mar	87.15	88.00	87.85	87.15
May	89.50	90.75	90.10	89.50
Jul	92.25	92.75	92.75	92.25
Sep	94.75	95.75	95.00	95.00
Dec	98.50	100.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	8.46	8.54	8.54	8.38
Mar	8.16	8.13	8.17	8.11
May	8.16	8.14	8.16	8.11
Jul	8.21	8.18	8.22	8.19
Oct	8.22	8.17	8.23	8.18

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	116.25	115.80	116.90	115.50
Nov	113.50	113.95	114.20	113.45
Jan	112.70	113.60	114.00	112.65
Mar	114.15	114.75	115.50	114.10
Jul	115.05	114.95	0	0
Sep	115.05	114.95	0	0
Nov	115.05	114.95	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Aug.15	Aug.14	mnth ago	yr ago
1649.3	1643.6	1708.6	1772.1

DOW JONES (Base: Dec. 31 1974 = 100)

	Aug.14	Aug.13	mnth ago	yr ago
Spot	N/A	116.90	-	-
Futures	N/A	120.53	-	-

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Aug	549/0	538/4	549/0	539/4
Sep	552/2	541/0	553/0	541/4
Nov	561/4	550/2	562/0	550/4
Jan	572/0	561/4	572/0	562/0
Mar	582/6	572/0	583/0	572/4
May	591/0	578/4	591/0	580/0
Jul	596/4	584/4	595/4	586/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	19.46	19.18	19.55	19.20
Sep	19.56	19.30	19.70	19.20
Oct	19.78	19.49	19.85	19.42
Dec	20.11	19.81	20.23	19.77
Jan	20.27	19.98	20.40	19.98
Mar	20.52	20.30	20.69	20.30
May	20.82	20.57	21.15	20.65
Jul	21.12	20.96	21.30	20.85
Sep	21.25	20.95	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Aug	175.4	171.9	175.5	171.5
Sep	174.3	171.1	174.4	171.2
Oct	173.6	170.7	173.7	170.5
Dec	174.2	171.4	175.0	171.2
Jan	174.6	171.7	174.8	172.0
Mar	175.3	172.8	175.8	172.8
May	175.4	172.8	176.0	173.0
Jul	175.2	172.5	176.0	173.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	246/4	243/4	246/6	241/6
Dec	250/2	247/4	251/0	246/2
Mar	258/4	255/4	258/6	254/0
May	262/6	260/0	263/0	259/0
Jul	265/6	264/0	265/6	262/0
Sep	255/4	257/0	256/4	254/4
Dec	251/0	252/4	251/4	249/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	299/4	296/0	300/0	293/4
Dec	312/4	309/2	312/6	307/0
Mar	317/2	315/4	317/2	312/4
May	312/4	309/4	312/4	308/0
Jul	301/4	302/6	302/2	299/0
Sep	308/2	310/0	308/2	307/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	68.40	68.40	68.60	67.62
Oct	71.82	71.35	71.97	70.95
Dec	74.25	73.90	74.30	73.50
Feb	72.62	72.57	72.75	72.02
Apr	73.17	73.27	73.55	72.87
Jun	71.50	71.40	71.70	71.02
Aug	69.65	69.55	69.65	69.57

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Aug	49.35	50.75	50.15	49.25
Oct	42.45	43.10	42.90	42.05
Dec	42.37	42.72	42.70	42.05
Feb	41.90	42.27	42.10	41.60
Apr	40.85	41.32	41.35	40.70
Jun	45.60	46.00	46.00	45.55
Jul	45.60	45.90	45.60	45.55
Aug	44.12	44.70	44.70	44.10

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	40.92	42.92	42.00	40.92
Feb	44.27	46.27	45.65	44.27
Mar	43.90	45.90	45.40	43.90
May	44.90	46.90	46.15	44.90
Jul	45.60	47.60	47.00	45.60
Aug	43.27	45.27	45.25	43.27

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LONDON STOCK EXCHANGE

Second successive high for Footsie

By Daniel Green

LONDON STOCKS advanced to their second session of record highs yesterday as German interest rates were raised by slightly less than many in the market had expected.

The latest data on UK wages and unemployment economy encouraged hopes for an early cut in domestic interest rates. They were taken by institutions as confirmation of their decision to buy the market this week.

Both UK and German news fed through to the gilts market, where yields slipped, further encouraging support for shares.

Fund managers who look to reassurances from the corporate sector were heartened by comments from engineering company Glynwed. It said there were signs of improvement in some of its UK markets.

Account Dealing Dates		
First Dealings:		
Jul 29	Aug 12	Sep 2
Option Declarations:		
Aug 8	Aug 29	Sep 12
Last Dealings:		
Aug 9	Aug 30	Sep 13
Account Day:		
Aug 19	Sep 9	Sep 23

*New-time dealings may take place from 9.30 am two business days earlier.

The patchy rise in engineering shares yesterday demonstrated, however, that institutions were being more selective about their share purchases than in the previous session.

Middle-sized companies – outside the top 100 but with market capitalisations of more than about £250m – drew the lion's share of buying interest.

Even traditionally bearish analysts were encouraged by the latest economic statistics. Mr Robin Aspinall at Schroder Securities said that from the drop in underlying average earnings "it is clear that the level wage inflation is slowing quickly". He added that, on chart analysis, the London market was in a position to rise sharply.

Other researchers said that the slowing rise in unemployment gave hope that a recovery was near. They added that today's release of figures on UK retail price inflation and public borrowing should back up this view.

The Footsie index opened in positive territory as traders tried to cover short positions inherited from the previous day's business.

Although no single factor was critical in the day's rise, each news item confirmed the view that funds should top up their equity holdings. US bonds had been strong overnight and economic statistics were in line with expectations. The day's peak, an intra-day record of 2612.5, was touched just after the Bundesbank confounded the interest rate bears.

Wall Street opened at a modest premium as data on US housing starts, industrial production and capacity utilisation surprised no one. It failed to make further headway and was showing an improvement of 8.05 when London closed at 2617.2, a gain of 8.4 on the day.

The narrow FT-30 index rose 9.3 to 2042.6, its third consecutive closing high. The FT-A All Share index climbed to only its fourth new high since July 1987. It improved more sharply than the Footsie, rising 5.66 to 1252.61.

The Footsie was held back from further gains by a poor showing from the oil sector where sentiment was hurt by fears that the crude oil price would not rise much in the second half of the year.

International stocks, all large companies, were kept out of the limelight by modest weakness in the dollar against sterling.

Turnover was again good for August, partly as a result of a programme trade in mid-morning which involved more than one third of Footsie constituents. Final volume was 522.5m, higher than Wednesday's if the distorting effect of the previous day's share placings are ignored.

Recovery hopes lift Glynwed

BIRMINGHAM based engineering group Glynwed International shone in spite of a sharp drop in interim profits of 74 per cent to £10.4m. The market appreciated the maintained dividend, the lack of a feared rights issue and a positive statement from the company chairman that accompanied the results.

The shares were at one point 29 up as dealers who sold the shares only days before turned buyers. Profit-takers appeared later in the session leaving the stock a net 26 up at 251p on turnover of 2.8m, well above average levels for the stock.

Mr Ian Lowe at Smith New Court said: "The results were poor in an absolute sense. However, it is clear some of the company's early cycle markets have shown signs of sustained improvement, which is very encouraging." He raised his full year forecast to £33m.

Mr Tim Bennett at Glynwed's joint broker Albert E. Sharp said "it seems Glynwed is over the worst". He maintained his original full-year forecast of £30m.

Heywood bid up

Aggressive bidding for stock in Heywood Williams, the glass, plastics and aluminium products group, drove the shares higher. It triggered a 20-minute "backwardation" – when one marketmaker quotes a higher offer higher price than another's selling quote. They are unusual and normally short-lived.

One securities house, Smith New Court, stayed persistently on the bid. Heywood eventually settled 19 higher at 290p. Seaq turnover, which only counted dealings before the stock was bid up, was 135,000.

Mr Michael Broadhead, Heywood's finance director, said he knew of no reason for the rise in the shares. He added that the company was unaware of any large shareholdings changing hands. No announcements were scheduled for today, he said.

Dealers, however, said the market was responding to a buy note issued by Robert Fleming, as well as various other stories. One suggestion was that the Kuwait Investment Office had sold its holding in the group, thought to be around 5 per cent; another was that the stock had lagged behind the rest of the sector. Fleming's recent note on Heywood said 60 per cent of the group's UK sales were in the repair, maintainance and improvement sector, an area highly responsive to an upturn in the economy.

Boost for Central

Central TV was strong in early trading after a press report that the Midlands television company had secured its franchise for only £2,000, just double the minimum allowed.

The shares had jumped sharply a month ago when it emerged that Central had bid less than £1m for its franchise. They had also risen steadily on Wednesday, more on sentiment. The franchise news yesterday appeared to take the market by surprise. The shares, which trade in a tight market, notched up a gain of 45 in the morning and closed 48 ahead at 863p.

Carlton Communications, which is said to have won the London weekday television franchise, gained 10 to 490p and Thames, the current holder of that franchise, failed to follow the market up and closed unchanged at 198p.

Exhibitions and conference organiser Blenheim gained 45 to 978p on talk of a share split.

The oil sector came under pressure and fell to its lowest level for six months, as crude oil prices declined, influenced by the probability that the United Nations Security Council would sanction the sale by Iraq of 500,000 barrels of oil a day for six months.

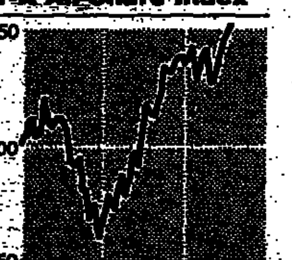
The resulting downside pressure on oil prices, coupled with a delayed market reaction to last week's Shell/BP figures, and dismal numbers from Ultramar on Wednesday, triggered widespread selling of oil shares.

BP, the most highly geared of the majors closed 5 off at 331p on heavy turnover of 7.8m. Shell, on 4m, were marginally easier at 529p. Ultramar, where dealers said the full awfulness of the figures, and the implications for the full year, are only now being realised, dropped 11 to 263p amid blanket downgrades by analysts.

There was widespread relief with Royal Insurance's half-time figures – the interim was maintained – and the stock moved up 7 to 419p.

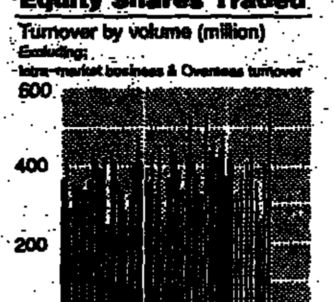
Legal & General, still stimulated by a UBS buy note and stock shortage, rose 13 to 459p.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



Steel stockholder Henry Barrett was one of the biggest risers of the day in percentage terms, gaining 11 to 53p. Securities house UBS Phillips & Drew was a buyer after meeting the company yesterday.

USM-listed Sherwood Group, the clothing manufacturer, advanced 30 to 568p after one publication featured it as its stock of the week. County NatWest, broker to the company, said it had been undervalued.

Johnson Group Cleaners brightened 9 to 536p after better than expected interims, and Sketchley, which is to hold its annual meeting on Tuesday, firmed 4 to 100p in sympathy.

The success of its recent rights issue continued to benefit Trafalgar House, which picked up 9 to 239p. MB-Caradon, the building products to packaging conglomerate, climbed 11 to 249p as secondliners attracted interest.

Bermuda-based car security and auction company ADT rose 20 to 540p on the back of heavy buying in the US. The US buying was prompted by the announcement that ADT was to be officially listed on the New York Stock Exchange from next Wednesday. The listing was known but there had been speculation that it was in doubt and the confirmation reassured the market.

Pilkington, the glass manufacturer, rose 5 to 162p on unusually heavy turnover of 8m. Analysts' opinions on the interest in the stock varied from a spill-over from Glynwed's results, reports of improved conditions in the former East Germany – Pilkington has a strong presence in Germany – and the ending of a technical position which had been holding back the stock.

Cadbury Schweppes rose 8 to 389p in response to the Monopolies and Mergers Commission investigation into the carbonated soft drinks market. Analysts said the MMC's recommendations will affect areas that account for only 4 per cent of Cadbury's profits.

Ranks Hovis McDougall dipped 4 to 277p as a line of stock, said to be around 2m, was placed at that level.

P & O slipped 7 to 588p as speculation about a rights issue resurfaced. There was also unease ahead of next month's interim figures.

AB Ports rose 5 to 325p as County NatWest brought out a buy note, which argued that the shares were undervalued and identified 400p as a more realistic level. County believed the boost to profits since the abolition of the National Dock Labour Scheme and the strength of its property investments should lead to a rerating.

John Laing gave one of the most impressive performances in a generally firm housebuilding/contracting sector after a strong buy recommendation from Robert Fleming Securities. The "A" shares moved up 6 to 248p on heavier than usual turnover of 1.7m.

Fleming's Mr Peter Jensen and Mr David Taylor said: "Unlike most housebuilders we believe that Laing may not have to make a land provision this year. If we are right in this, then Laing will be one of the very few contractors to report increased profits this year."

The less than expected rise in German interest rates was said to have boosted the aggregates stocks, particularly Redland, which will benefit from heavy infrastructure work in eastern Germany. Redland moved up 7 to 574p on 1.5m shares.

Turnover in British Steel rose to 9.8m and the shares retreated 2¼ to 125½p as UBS Phillips & Drew, the company's broker, which carried out the majority of yesterday's business, cut profits expectations. Having forecast that the company would break even, Mr Paul Compton predicted a loss of £100m for this year.

MARKET REPORTERS:
Daniel Green, Peter John, Joel Kibazo, Jim McCallum, Steve Thompson.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 20.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (145).

BRITISH FUNDS (4) Treas 8¾pc Ln. 1997, Treas. 6¾pc Ln. 1995-98, Treas. 2pc I-L 1992, Treas. 2pc I-L 1994, INT.BANK & O'SEAS GOVT. STLG. ISSUES (2) Asian Dev. Bk. 10¼pc Ln. 2009, Int-Am. Dev. Bk. 9¼pc Ln 2015, FOREIGN BONDS (1) Hydro Quebec 15pc 2011, AMERICANS (3) Chase Manhattan, Contl. Bank, Morris (P), CANADIANS (2) Bk. Nova Scotia, Royal Bk. Canada, BANKS (3) HSBC, Lloyds, Midland, BREWERS (3) Greene King, Scott. & New., Wolv. & Dudley, BUILDINGS (2) Meyer, Rugby, CHEMICALS (6) Halstead (J), Hickson, MTM, Plysu, Rentokil, Yorkshire Chems., STORES (18) Alexon, Argos, Blacks Leisure, Coats Viyella, Courts, Crown Eyeglass, Dixons, Fine Art Devs., GUS A, Hogg Robinson, Kingfisher, Do. 8½pc Ln. 2000, Marks & Spencer, Menzies (J), Pentos, Sherwood, ELECTRICALS (7) Alba, Clarke (T), Delta, Domino Print. Sciences, Philips Elects., Real Time Cont., Renishaw, ENGINEERING (9) 600 Group, Babcock, Edbro, Laird, McKechnie, Senior Eng., Spirax-Sarco, TI, FOODS (3) Brake Bros., Salvesen (C), Sims Food, HOTELS (1) City Centre Rest., INDUSTRIALS (32) Assoc. Brit. Ports, BBA, BET, BSG, BSS, Bespak, Brammer, Carbo, Community Hospitals, De La Rue, ECC, Glaxo, IWP, Johnson Cleaners, MB Caradon, Do. 7¼p Pf., Min. & Allied Sppls., Paterson Zoch., Do. A, Raxmore, Scapa, Serco, Shanks & McEwan, Sidlaw, Siebe, Silentnight, Spring Ram, Tomkins 5¼pc Pf., Welpac, Williams, Do. 5¾pc Pf., Do. 8p Pf., INSURANCE (7) Britannic, Domestic & Gen., Hogg, Lloyd Thompson, Oriel, Refuge, Utd. Friendly B, LEISURE (3) Boosey & Hawkes, Central ITV, Zetters, MOTORS (5) Alexanders, Central Motor Auctions, Cowie (T), ERF, Pendragon, NEWSPAPERS (2) Blenheim, Euromoney Pub., PAPERS (2) Cropper (James), Whny. Mackay-Lewis, PROPERTY (1) Sifton (P), SOUTH AFRICANS (1) S.A. Brewers, TEXTILES (1) Lamont, TOBACCOS (1) Rothmans B, TRANSPORT (1) Tibbett & Britten, TRUSTS (24) Bankers Inv., Brit. Inv., Brit. Assets, Dunedin Inc. Growth, Eng. & Scot., Equity Consort Dfd., Fleming American, Foreign & Col., Gen. Cons. Stpd. Pf., Govett Atlantic, M & G Group, Merchants Tst., Monks Inv., Murray Inc. Tst., Murray Intl., Perpetual, River & Merc. Amer Inc., River & Merc. Smaller Co's., Scot. National Zero Div. Pf., Scottish Inv., Sec. Alliance, St. Davids, Templeton Emrg. Mkts. Warrants, Tribune, OILS (2) Fairhaven, Intl. Petm.

NEW LOWS (28).

BUILDINGS (2) Needler, Ward, STORES (2) Alan Paul, Brown & Jackson, FOODS (1) Albert Fisher, HOTELS (1) Regal Hotel, INDUSTRIALS (3) Havelock Europa, Levercrest, Walker Greenbank, INSURANCE (1) Archer (A.J.), LEISURE (1) Greenwich Comm., PROPERTY (1) Speyhawk, TRANSPORT (1) Mersey Docks & Harbour, TRUSTS (4) Clayton Robard, First Spanish Inv. Warrants, Schroder Japanese Warrant Fd., Sumit, OILS (3) Atlantic Res., Europe Energy, Gt. Western Res. A, MINES (3) Kells Minerals, Meekatharra, Vizcaya.

FINANCIAL TIMES STOCK INDICES

	Aug 15	Aug 14	Aug 13	Aug 12	Aug 9	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	85.63	85.59	85.57	85.51	85.68	77.75	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.50	94.54	94.45	94.45	94.48	87.16	94.84 (5/4)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	2042.6	2033.3	2022.3	2007.5	2005.6	1724.9	2042.6 (15/8)	1608.3 (16/1)	2042.6 (15/8/91)	49.4 (26/6/40)
Gold Mines	177.2	177.2	177.4	179.3	179.3	229.9	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2617.2	2608.8	2584.9	2569.4	2570.6	2222.1	2617.2 (15/8)	2054.8 (16/1)	2617.2 (15/8/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1181.71	1179.85	1171.86	1164.51	1168.48	-	1192.11 (5/6)	938.62 (16/1)	1192.11 (5/6/91)	938.62 (16/1/91)
Ord. Div. Yield	4.84	4.86	4.88	4.72	4.73	5.45				
Earning Yld %(full)	7.70	7.75	7.80	7.96	7.96	11.83				
P/E Ratio(Net)(*)	16.20	16.05	15.96	15.59	15.52	10.44				
SEAQ Bargains 4.45pm	28,314	25,410	23,051	21,881	23,915	18,882				
Equity Turnover(£m)†	-	1020.78	891.45	892.57	786.88	1291.06				
Equity Bargains†	-	25,887	22,372	21,722	20,920	19,071				
Shares Traded (ml)†	-	549.5	405.9	398.8	352.1	406.3				

Ordinary Share Index, Hourly changes — Day's High 2047.6 — Day's Low 2034.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2034.6	2040.3	2040.8	2040.7	2042.4	2046.7	2047.1	2045.3	2043.8

FT-SE 100, Hourly changes — Day's High 2621.5 — Day's Low 2610.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2610.4	2615.2	2615.7	2617.0	2618.8	2620.3	2619.9	2620.4	2618.5

FT-SE Eurotrack 200, Hourly changes — Day's High 1186.21 — Day's Low 1182.78

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1183.47	1183.77	1183.89	1185.90	1183.91	1185.40	1182.16

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, Basis 1000 FT-SE 3/1/84, FT-SE Eurotrack 200 26/10/90. † Nil 13.46 § Pst.

GILT EDGED ACTIVITY

Indices	Aug 14	Aug 13
Gilt Edged Bargains	74.4	86.7
5-Day average	96.3	105.7

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
[illegible]			

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

FT-SE 100 index futures continued to lag the stock market yesterday as doubts persisted about the durability of the recent rally in shares, writes Jim McCallum.

The September FT-SE futures contract spent much of the session at a premium of just over 20 points to the spot index, against 25-30 points earlier in the week.

With fair value at around 16 points, equity futures traders are taking a decidedly more cautious view on the immediate prospects for shares than cash dealers.

Partly this reflected share buying by investors who then hedging in the futures market. There was also a reluctance in the futures market to push much further ahead after the strong gains made in the last week.

September FT-SE closed at 2,639, up 5 points on the day and at a closing premium of 22 against 26.

Asda options were busy as a US investment bank was reported to have bought 3,200 April 80 calls against a sale of shares.

Total call volume was more than double that of puts as investors hedged against stock purchases. A large FT-SE index trade included the sale of 500 December 2,500 calls at 210p.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
100¼	99⅝	Exch. 11pc 1991	99⅞	.....	11.00	10.56
99¼	96⅞	Treas. 8pc 1991	99⅞	–⅛	8.06	10.25
101¼	100⅞	Treas 12¾pc 1992‡‡	100⅞	–⅛	12.64	10.44
99⅞	97⅞	Treas 10pc 1992	99¾xd	.....	10.03	10.32
98⅞	95⅞	Treas. 8pc 1992‡‡	98⅞	–⅛	8.12	10.24
100⅞	98½	Treas 10½pc Cv 1992‡‡	100⅞	.....	10.50	10.32
95⅞	91⅞	Treas. 3pc 1992	95⅞	–⅛	3.13	8.32
102⅞	100⅞	Exch. 12¼pc '92	101⅞	–⅛	12.02	10.16
104¼	102⅞	Exch 13½pc 1992	103⅞	–⅛	13.06	[illegible]
97⅞	94	Treas 8¼pc 1993	97⅞	+⅛	8.46	[illegible]
99⅞	97⅞	Treas 10pc 1993‡‡	99⅞	–⅛	10.02	[illegible]
104⅞	102⅞	Treas 12½pc 1993‡‡	103⅞	–⅛	12.03	[illegible]
94	89⅞	Funding 6pc 1993‡‡	94⅞	+⅛	6.38	[illegible]
108⅞	105⅞	Treas 13¾pc 1993‡‡	107⅞	.....	12.85	[illegible]
96⅞	92⅞	Treas. 8½pc 1994	96⅞	–⅛	8.80	[illegible]
111⅞	108⅞	Treas 14½pc 1994‡‡	109⅞	–⅛	13.22	[illegible]
109	105	Exch 13½pc 1994	107⅞	.....	12.53	[illegible]
[illegible]						
		Five to Fifteen Years				
100⅞	95⅞	Conversion 10pc 1996	99⅞	+⅛	10.03	[illegible]
99⅞	97¼	Do. 10pc 1996 B	99⅞	+⅛	10.11	[illegible]
113⅞	108⅞	Treas 13¼pc 1997‡‡	112⅞	+⅛	11.81	[illegible]
102⅞	97¼	Exch 10½pc 1997	101⅞xd	+⅛	10.33	[illegible]
94⅞	89⅞	Treas 8¾pc 1997‡‡	94⅞xd	+⅛	9.27	[illegible]
122⅞	117	Exch 15pc 1997	120⅞	+⅛	12.43	[illegible]
98⅞	93⅞	Exch. 9¾pc 1998	98⅞	+⅛	9.91	[illegible]
86⅞	80⅞	Treas 6¾pc 1995–98‡‡	86⅞	.....	7.81	9.52
127⅞	121¼	Treas. 15½pc '98‡‡	125⅞	+⅛	12.32	10.26
109⅞	104⅞	Exch. 12pc 1998	109⅞	+⅛	10.99	10.15
97⅞	92⅞	Treas 9½pc 1999‡‡	97¾	+⅛	9.72	9.91
111⅞	105⅞	Exch. 12¼pc 1999	110⅞	+⅛	11.07	10.18
102⅞	97⅞	Treas. 10½pc 1999	102⅞	+⅛	10.28	10.08
101¼	95⅞	Conversion 10¼pc 1999	100⅞	+⅛	10.16	10.07
94⅞	89⅞	Conversion 9pc 2000‡‡	94⅞xd	+⅛	9.49	9.89
116⅞	110⅞	Treas. 13pc 2000	115⅞	+⅛	11.23	10.23
100⅞	94⅞	Treas 10pc 2001	100⅞xd	+⅛	10.00	9.97
118⅞	113⅞	Treas. 14pc '98–01	117⅞	+⅛	11.93	10.34
98⅞	92⅞	Treas 9¾pc 2002	98⅞xd	+⅛	9.92	10.00
100⅞	94⅞	Treas 10pc 2003	100⅞xd	+⅛	9.98	9.96

BRITISH FUNDS – Contd

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
108¼	102	Treas. 11½pc 2001–04	107⅞xd	+⅛	10.66	10.19
59⅞	53⅞	Funding 3½pc '99–04	59⅞	+⅛	5.88	8.79
97⅞	90⅞	Conversion 9½pc 2004	96⅞	+¼	9.81	9.92
97¼	90⅞	Conversion 9½pc 2005	96⅞	+¼	9.80	9.90
118¼	111	Treas. 12½pc 2003–05	117⅞	+¼	10.66	10.00
		Over Fifteen Years				
85⅞	79⅞	Treas. 8pc 2002-06‡‡	85¼	+¼	9.40	9.90
112½	105⅞	Treas. 11¾pc 2003-07	111⅞	+⅛	10.52	9.99
90¼	84⅞	Treas 8½pc 2007‡‡	89⅞	+¼	9.49	9.80
[illegible]						
		Undated				
[illegible]						
		Index-Linked				
[illegible]						
128⅞	124⅞	Do. 2½pc '09	(78.8)	126¼	–⅛	4.26 4.43
132⅞	128⅞	Do. 2½pc '11	(74.6)	130⅞xd	–⅛	4.26 4.42
109⅞	105⅞	Do. 2½pc '13	(89.2)	107⅞xd	–⅛	4.26 4.41
117½	113⅞	Do. 2½pc '16	(81.6)	114⅞	–⅛	4.24 4.39
113⅞	109⅞	Do. 2½pc '20	(83.0)	110⅞	–⅛	4.22 4.35
95⅞	91⅞	Do. 2½pc '24‡‡	(97.7)	91⅞	–⅛	4.17 4.29

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for November 1990: 130.0 and for June 1991: 134.1.

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
103⅞	95⅞	African Dv Bk 11¼Ln 2010	103⅞	+⅞	10.77	10.66
98⅞	91⅞	Asian Dev Bk 10¼pcLn2009	97⅞	.....	10.47	10.50
112½	105⅞	Int-Am Dev Bk 12½pc 2003	112⅞	+⅛	11.13	10.29
93	86⅞	Do. 9¾pcLn 2015	92⅞	.....	10.52	10.39
123½	101	Utd. Mexican States 16½pc 2008	123⅞	.....	13.40	13.18

CORPORATION LOANS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
103½	100½	Birmingham 11½pc 2012	102½	.....	11.22	11.00
97⅞	93⅞	[illegible]				
[illegible]						

COMMONWEALTH & AFRICAN LOANS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
90	84⅞	Sth Rhod. 87-92 Assd.	90	.....	–	–

LOANS

Building Societies

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]						

Public Board and Ind.

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
53	52	Met. Wtr. 3pc 'B'	52	.....	5.77	9.70

FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	50	.....	3.50	17.00
50	50	Do. 6pc 28 Stb. Ass.	50	.....	3	16.00
50	50	Do 4pc Mixed Ass.	50	.....	2	14.00
55	55	Hung. '24 Ass.	55	.....	2.75	13.57
128⅞	120⅞	Hydro Quebec 15pc 2011	128¼	.....	12.89	11.38

Continued on next page

APPOINTMENTS

Changes at assurance companies

■ SUN ALLIANCE GROUP has appointed Mr J.J. Woods as chief actuary to succeed Mr S.L. Smaller who retires on October 12. Mr Woods is a director of Sun Alliance Life, and is currently seconded to Woolwich Life Assurance Co as managing director. Mr Michael Turner has been appointed a director of WOOLWICH LIFE and is to succeed Mr Woods as managing director. Mr Turner was a general manager with Sun Life Assurance Society. Woolwich Life is the joint venture life assurance company established in 1990 by the Woolwich Building Society and Sun Alliance.

■ QBE INSURANCE GROUP, Sydney, has appointed Mr Robert M. Grant as general manager QBE Reinsurance (London) from October. He was general manager of City International Insurance Company, London.

■ Mr David J. Comfort has been appointed chairman of J. COMFORT & COMPANY, and Mr Derek L. Gregory becomes managing director.

■ NFC transport division has made the following appointments as heads of new sectors in the restructured BRS. Mr Alan Buckle, managing director of BRS Automotive, will head the automotive sector. Mr Stuart James, managing director of the western region, will lead the consumer and retail sector. Mr Jim Painter, managing director of the northern region, will head the industrial sector. Mr David Brown, managing director of Tankfreight, will manage the chemical; petroleum and edible sector.

■ BARR ROSENBERG EUROPEAN MANAGEMENT has appointed Ms Jennie Paterson as director of marketing. She was marketing director at Hill Samuel Investment Management.

■ Mr Gil D. Williams, chief executive, has additionally been appointed chairman of OPTICAL AND MEDICAL INTERNATIONAL, succeeding Mr W.G. Haydon-Baillie who has retired. Mr Derek Read (pictured) has been promoted to operations director. He joined the company in 1987, and was managing director of the electro-optics businesses.

■ GOODHEAD GROUP has appointed Mr David Platt as chief executive of its publishing division, and to the board as an executive director.

■ Mr John Williams, since 1980 managing director of British Fly Reels, Falmouth, a subsidiary of Porter Chadburn, has been appointed a director of NATIONAL WESTMINSTER BANK's western regional advisory board.

■ Following the recent investment in OXFORD CHEMICALS by Advent International, Mr Jim Ratcliffe, a director of Advent, will join Oxford as a non-executive director. Mr Bruce Douglas becomes finance director. He was with BASF.

■ HAMBRO COUNTRYWIDE RELOCATION has appointed Ms Jan Butler as operations director. She is the first woman board member, and has been with the company for 14 months. Previously she was personnel services manager at Unigate Dairies.

■ Mr Mike Hammond has been appointed to the board of SEDGWICK JAMES (LONDON), and becomes managing director of the development services division. Mr James Hopper becomes casualty broking director, and Mr Alan Just property broking director. Mr Martin Greensted is promoted to managing director, client services division, and Mr William Payne becomes deputy managing director of the same division. The company is the retail arm of the Sedgwick Group.

■ Nippon Seiko, Japan, has appointed Mr Gavin M. Morris (pictured) as chief executive officer of UK subsidiary UNITED PRECISION INDUSTRIES. He was group commercial director, and also becomes senior adviser on corporate strategy to the president of Nippon Seiko, Mr Toshio Arata. Mr Morris succeeds Mr Alan J. Bowkett who resigned to devote more time to private business.

■ VENTURA SOFTWARE INC has promoted Mr Bill Anderson to director, Northern Europe, a new post.

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. Calls charged at 34p/minute cheap rate and 45p/minute at all other times. To obtain your free Share Code Booklet ring 071-925-2128

AMERICANS

1991 High	Low	Stock	Price $	+ or –	Div Gross	C'vr	Y'ld Gr's
33¼	20⅞	Abbott Laboratories1	32	+⅛	$1.00	–	1.8
385p	257p	♦Allegheny & W 1c	280p	.....	30c	–	6.3
10⅛	667p	Amdahl 5c	809p	–28	10c	–	0.7
42⅛	25⅜	Amer. Cyanamid $5	37⅞	+⅛	$1.50	–	2.4
17⅞	9[illegible]	Amer Express 60c	16⅛	+⅜	92c	–	3.4
24½	15¼	American T. & T. $1	23[illegible]	+[illegible]	$1.32	–	3.4
38[illegible]	32½	Ameritech $1	36⅛	–[illegible]	$3.40	–	5.5
25¾	12[illegible]	BankAmerica $1[illegible]	25¼	.....	$1.20	–	2.8
35⅝	20[illegible]	Bankers N.Y. $1	35⅝	.....	$1.52	–	8.1
30½	24¼	Bell Atlantic $1	28	–⅛	$2.52	–	5.3
31⅛	25	BellSouth Corp	28⅛	+⅛	$2.76	–	5.8
11⅛	6[illegible]	♦Bethlehem Steel $8	10⅛	+⅛	40c	–	2.3
1839p	1046p	Bowater Inc	1522p	+10	$1.20	–	4.7
9½	4½	Brunswick 75c	8½	.....	44c	–	3.1
54	37[illegible]	CPC Intnl. 25c	52¼	.....	$2.00	–	2.3
852p	420p	California Engy	799p	.....		–	–
50	28¼	Campbell Soup 15c	47[illegible]	.....	$1.16	–	1.4
12¾	5[illegible]	Chase Manhattan $12½	12¾	+[illegible]	$1.20	–	5.6
9[illegible]	5½	Chrysler $6¼	7⅛	+¼	60c	–	5.0
10⅝	5⅞	Citicorp $1	8⅞	+⅛	$1.00	–	6.7
25	21[illegible]	Colgate-Palmolive $1	23[illegible]	–[illegible]	$1.06	–	2.7
928p	438p	Cont'l Bank Corp $4	928p	+9	$1.00	–	6.4
21⅛	13[illegible]	Dana Corp. $1	18[illegible]	.....	$1.60	–	5.2
1106p	203p	Data General	1069p	+2		–	–
22⅛	12⅞	Dial Crop. $1.5	21⅛	.....	$1.40	–	3.9
29⅝	20⅛	Dun & Bradstreet $1	26½	–½	$2.16	–	4.8
40	24¼	Eaton Corpn 50c	37¼	–¼	$2.20	–	–
8½	5½	Echlin Inc	7[illegible]	.....	70c	–	5.2
19[illegible]	14[illegible]	FPL Group 1c	19⅝	.....	$2.40	–	7.3
30[illegible]	17[illegible]	Fluor Corp 62½c	25⅝	.....	32c	–	0.7
23¼	13⅛	Ford Motor $1	18⅞	+⅛	$1.60	–	3.2
46[illegible]	28[illegible]	Gen. Elect. 63c	43¼	–⅛	$2.04	–	2.8
566p	270p	♦General Host Corp $1	471p	.....	34c	–	4.3
45¼	20⅞	Gillette $1	24¼	.....	62c	–	1.5
18⅛	794p	Hasbro Inc 50c	16¼	.....	24c	–	0.9
38½	21¼	Honeywell $1½	34⅝	+[illegible]	$1.50	–	2.6
23	17⅞	Houston Inds $	22⅜	+⅛	$2.96	–	7.7
[illegible]	[illegible]	IBM Corpn $1¼	58½	–⅛	$4.84	–	4.9

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ELECTRICITY

For Scottish and Northern Irish Electric and Scottish Power see EQUITIES under LONDON RECENT ISSUES

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

هكذا من الأصل

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LONDON SHARE SERVICE

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LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRANSPORT—Contd

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ♣ Not comparable
- ◆ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✱ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ■ No par value

B.Fr. Belgian Francs. Fr. French Francs ✱✱ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1 β	640	......
Finlay Pkg. 5p β	28	......
Holt (Jos) 25p β	1978	......
Helton Hldgs. γ	38	......
IRG	138	......
United Drug	171	......

IRISH

Cap. 8½% Ln. 2010	£94⅛	+⅛
9pc Cap Ln. 1996	£98¾	+¼
Fin. 13% 97/02	£114	......
Arnotts	171	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	68
BOC Grp	31
BTR	33
Barclays	38
Blue Circle	24
Boots	38
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	28
Gen Accident	48
GEC	17
Glaxo	88
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	22
Legal & Gen	36
Lex Service	20
Lloyds Bank	38
Lucas Inds	15
Marks & Spencer	21
Midland Bk	18
Nat West Bk	27
P & O Dfd	51
Racal Elect	18
RHM	28
Rank Org Ord	63
Ratners	17
Reed Intnl	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	60
Vickers	19
Wellcome	48

Property

Brit Land	38
Control Secs	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils

Aviva Petm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petm	18
Gaelic Res	1
Premier	6
Shell	41
Tuskar Res	2
Ultramar	38

Mines

Lonrho	21
RTZ	48

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
Gilts & Fixed Int	6	114.8	114.8	121.7	+0.2	9.45
High Inc Equity	6	135.0	138.6xd	147.4	+1.3	5.77
Worldwide Bond	6	207.6	207.6xd	220.0	+1.0	6.82
Capital Growth						
American Growth	6	211.0	211.0	225.4	+2.1	.97
Asian Pacific	6	126.8	129.4	137.6	-1.0	1.14
Assets & Earnings	6	180.2	183.9	195.6	+1.4	2.96
Capital Reserve Acc	0	106.8	106.8	106.8	+0.1	7.10
Capital Reserve Inc	0	84.42	84.42	84.48	+0.10	7.10
Comdty & Energy	6	77.05	77.05	82.40	-0.38	1.81
1992 Enterprise	6	63.91	63.91	68.35	-0.43	2.82
Euro Capital Acc	6	89.25	89.25	95.45	+0.42	1.43
Euro Capital Inc	6	85.27	85.27	91.19	+0.40	1.43
General	6	171.4	171.4xd	183.3	+1.1	2.73
Japan	6	94.89	94.89	101.4	-0.7	-
Mastertrust	6	90.10	90.10	96.36	+0.20	2.12
UK Growth Acc	6	160.1	160.1	171.2	+1.1	2.65
UK Growth Dis	6	102.9	102.9	110.0	+0.7	2.66
US Emerging Cos	6	69.92	69.92	74.78	-0.81	-
Income & Growth	6	306.3	306.3	327.5	+2.8	4.27
Ethical	6	51.08	51.08	54.63	+0.38	3.09
International	6	62.69	63.45	67.50	-0.01	1.30
Dividend & Growth	6	49.29	50.58xd	53.80	+0.52	5.58
Global Gwth & Sec	6	51.91	52.16	55.48	+0.02	1.60

Aberforth Unit Trust Managers Ltd (1600)F
16 Chester St, Edinburgh EH3 7RA 031 220 0733

UK Small Cos	0	999.0	999.0	1050.0	+10.0	0

Bishopsgate Progressive Mgmt Co (1200)F
15 St James' Place London SW1A 1NW 071-493 8111

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Progressive Inc	5	£18.70	18.70	19.74		0.93
Progressive Acc	5	£28.18	28.18	29.74		0.93
International Inc	5	£19.62	19.62xd	20.71	...	1.08
International Acc	5	£26.66	26.66	28.14		1.08
Can & Foreign Inc	5	233.1	233.1	246.0	+1.0	0.60
Can & Foreign Acc	5	278.6	278.6	294.0	+1.2	0.60
Special Sits Inc	5	204.4	204.4	215.7		0.92
Special Sits Acc	5	222.0	222.0	234.3		0.92
PEP Inc	5	135.6	135.8	143.3		3.31
PEP Acc	5	142.7	145.0	153.0		3.31
Growth Inc	5	81.94	81.94	86.48	+0.31	0.58
Growth Acc	5	82.28	82.28	86.84	+0.32	0.58

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 071-236 6441

Dolphin Special Sits	5½	120.7	120.7xd	129.0	+0.8	4.06
Dolphin Dividend	5½	61.38	61.38xd	65.64	+0.62	6.70
Dolphin Int Inc & Gth	5½	161.5	161.5xd	172.7	+1.2	4.63
Dolphin UK & Gen	5½	34.86	35.07	37.50	+0.28	3.06
Dolphin Fund of Funds	5½	47.23	49.22	52.64	+0.27	1.60

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA 041-332 3132

Balanced Growth	6	77.34	77.56	82.95	+0.77	2.71
Do (Accum)	6	81.90	82.14	87.85	+0.82	2.71
Service Cos	6	63.69	63.69	68.12	+0.16	2.46
Do (Accum)	6	67.02	67.02	71.66	+0.17	2.46
Income Growth	6	43.17	43.17	46.17	+0.49	5.18
Do (Accum)	6	60.95	60.95	65.19	+0.69	5.18
Higher Yield	6	32.78	32.78xd	35.06	+0.39	5.18
Do (Accum)	6	41.37	41.37	44.24	+0.49	5.18
American Gth Inc	6	33.17	33.17xd	35.48	+0.34	1.28
Do (Accum)	6	33.80	33.80	36.15	+0.34	1.28
European Growth	6	26.47	26.54	28.38	+0.24	1.88
Do (Accum)	6	26.97	27.04	28.92	+0.25	1.88
Global Bond Inc	6	22.69	22.78	24.36	+0.02	6.58
Do (Accum)	6	26.23	26.32	28.15	+0.02	6.58
Managed P'folio Inc	6	25.50	25.59	27.36	+0.19	-
(Do Accum)	6	25.50	25.59	27.36	+0.19	-

MW Investment Managers Ltd (0659)F
46 Court St, Haddington, E. Lothian 062 082 5867

MW Joint Investors	0	1057.7	1057.7	1085.2		4.36

Maldon Unit Trust Managers Ltd (1400)F
15 St Botolph St, London EC3A 7EE 031 226 6066

Maldon General	0	117.4	117.4	120.5		4.82

Manulife Management Ltd (1200)H
St George's Way, Stevenage Dealings: 071-256 5858

Growth Units	5¼	137.0	138.3	147.1	+0.7	3.70
Gilt & Fxd Int	5	147.3	147.3	154.9	+0.2	8.17
Intl Growth	5¼	148.6	148.6	158.1	+2.2	0.47
North American	5¼	99.47	99.47xd	105.8	+0.6	0.53
Far East	5¼	117.1	117.1xd	124.6	-0.9	0.49
UK Smaller Cos	5¼	99.76	99.76	106.1	+0.1	3.47
European	5¼	54.06	54.06	57.63	+0.03	1.00
Japanese Growth	5¼	35.74	35.74	38.29	-0.01	0.00
Managed P'folio	5¼	50.17	50.49	53.71	-0.01	1.33
High Income	5¼	153.6	155.4	165.3	+1.1	5.93
High Yielding Gilt	5¼	61.09	61.09xd	64.35	+0.03	9.75
Cash		51.55	51.55	51.55	+0.01	9.52

Morgan Grenfell Unit Tst Mgrs Ltd (1000)H
20 Finsbury Circus, London EC2M 1UT
Dealers, 071-826 0826 Enquiries: 071-826 0123

American Gwth	5¼	166.9	166.9xd	178.0	+1.3	0.83
European Gth Inc	-	-	-	-	-	-
European Gth Acc	5¼	198.2	198.2	211.4	+0.5	0.00
Intl Gwth	5¼	144.3	144.3	153.5	-0.4	0.00
UK Equity Inc	5¼	119.8	119.8	128.9	+1.2	6.27
UK Equity Acc	5¼	134.9	134.9	145.2	+1.4	6.27
UK Ind Tracker Inc	5	124.3	124.3xd	132.7	+1.0	3.71
UK Ind Tracker Acc	5	135.1	135.1xd	144.2	+1.1	3.71
US Eq Ind Tracker Inc	5	147.4	147.4	158.0	+0.4	2.84
US Eq Ind Tracker Acc	5	152.2	152.2	163.1	+0.4	2.84
Japan Tracker	5	60.75	60.75	64.43	-0.55	0.00
Asian Trader	5¼	85.68	85.68	91.65	-0.55	1.45
Managed Inc	5¼	101.0	101.0	108.6	+0.4	1.93
Managed Acc	5¼	102.6	102.6	110.4	+0.5	1.93
Cash Inc	0	100.16	100.16xd	100.16	+0.02	11.12
Cash Acc	0	109.99	109.99xd	109.99	+0.02	11.12
Europa	5¼	104.7	104.7xd	111.9	+0.2	0.00

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AQ 081-686 9818

Exempt Unit Tst	4	118.29	118.29xd	125.92	+0.58	2.60
Exempt Smllr Cos	3¼	224.20	224.20	243.23	+1.52	1.40

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

	Init Chge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♥	5	312.3	312.3	332.9	+2.4	1.27
(Accum Units) ♥	5	365.3	365.3	389.4	+2.8	1.27
British	5	815.5	815.5	862.8	+5.0	5.77
(Accum Units)	5	1305.6	1305.6	1381.3	+8.0	5.77
European	5	328.2	328.2	349.5	+1.2	1.50
(Accum Units)	5	351.8	351.8	374.6	+1.3	1.50
Japan	5	115.4	115.4	122.6	-0.2	–
(Accum Units)	5	116.3	116.3	123.5	-0.2	–
New Pacific	5	171.1	171.1	181.9	+0.2	1.97
(Accum Units)	5	175.7	175.7	186.8	+0.2	1.97
PEP Aug 14	5	135.4	137.8	145.8	–	3.61
Mngd Equity	5	122.5	124.2	131.5	+0.6	3.53
Mngd Equity Acc	5	129.9	131.7	139.5	+0.7	3.53
Mngd Cash	5	96.35	96.35	101.1	–	10.70
(Accum Units)	5	114.1	114.1	119.8	–	10.70
Mngd Fixed Int Acc Aug 14	5	121.0	121.0	128.0	–	6.87
Majority Stlg	1	100.34	100.34	101.35	+0.02	10.49
Majority Stlg Acc	1	105.25	105.25	106.29	+0.02	10.49

Starebrand Intl Inv Mngrs Ltd (1200)F
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

International Aug 15	0	51.15	51.15	51.73	+0.37	[illegible]

Sun Alliance Unit Tst Mngmt Ltd (1200)F
Sun Alliance House, Horsham 0403 56293

Equity	6	610.7	616.2	661.2	+3.9	3.18
North America	6	79.84	79.84	85.39	+0.40	0.95
Far East	6	91.22	91.22	97.60	-0.50	0.97
W'wide Bond	6	47.47	47.47	50.50	+0.07	6.14
European	6	67.12	67.59	72.29	+0.22	1.36
Equity Income	6	71.29	72.30	77.33	+0.45	5.05
Portfolio	6	58.71	58.71	62.79	+0.18	2.17

Sun Life of Canada Unit Mgrs Ltd (1000)H
Basing View, Basingstoke, Hants 0800 525725

American Growth	6	27.03	27.03	28.91	+0.34	0.42
Managed Accts	6	103.93	104.65	111.93	+0.50	3.91
UK Income	6	33.25	33.80	36.16	+0.31	4.47
UK Growth	6	33.12	33.55	35.89	+0.28	3.12
Worldwide Growth	6	24.71	24.71	26.43	+0.11	0.76

Sun Life Trust Mngmt Ltd (1200)H
101, Cannon St, London EC4N 5AD
Admin & Enq: 071-606 4044 Dealing: 071-606 6010

Master Portfolio	5½	35.18	35.18	37.63	+0.11	2.00

[illegible]

Edinburgh Fund Mngrs PLC
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
American Aug 14	141.6	146.2	+2.9	1.51
Managed Aug 14	147.3	152.8	[illegible]	3.76
Japan Aug 15	112.5	115.4	-3.4	0.08
Sm Jap Cos Aug 14	538.2	553.0	-17.5	0.08

Fidelity Investment Services Ltd

Mngd Pens P'folio	135.2	137.4	+0.90	3.49

Robert Fleming Asset Mngmt Ltd

[illegible]

Funds in Court*

Capital July 17	503.87	507.59	—	2.52
Gross July 17	183.59	185.06	—	10.54
High Yield July 17	299.[illegible]	301.99	—	6.82

* Restricted to monies under Court control

Henderson Unit Trust Management Ltd

Pensions Mngd	[illegible]	35.41	+0.35	3.77

INVESCO MIM Management Ltd
Exempt Funds

Intl Mngd P'Folio	1207	1303	—	—
Mngd Pfgs (Acc)	68.00	73.30	—	—

Lazard Brothers & Co Ltd

Property Jan 3	£2360.0	2475.0	—	6.00
Inc Gth Prp Aug 14	£1325.0	1400.0	—	7.20

Lazard Investors Ltd ##
Exempt Funds

[illegible]

Albany Life Assurance Co Ltd

[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	108.8	114.6	+0.6	-
Pension Managed Fd	107.6	113.3	+0.8	-
Life Deposit Fd	108.7	114.4	....	-
Pension Deposit Fd	114.5	120.5	....	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	112.7	118.7	+1.1	-
Managed Growth	139.4	146.8	+1.1	-
Managed Opportunity	139.9	147.3	+1.1	-
NFMC Target Financial	106.5	112.2	+0.6	-
Pension Funds				
Managed Cautionary	123.2	129.7	+0.9	-
Managed Growth	147.5	155.3	+1.1	-
Managed Opportunity	140.1	147.5	+1.1	-
NFMC Target Mngd Pen	1564.3	1646.7	+8.1	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	164.0	172.7	....	-
UK Equity	174.4	183.6	....	-
Overseas Equity	131.7	138.7	....	-
Fixed Interest	149.1	157.0	....	-
Property	131.8	138.8	....	-
Index Linked	147.4	155.2	....	-
Deposit	159.7	168.2	....	-
With Profits (8)	130.8	137.8	....	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	359.6	378.6	+1.4	-
UK Equity	456.0	480.0	+3.5	-
Overseas Eq	352.7	371.3	-1.0	-
Americas	294.3	309.8	+1.8	-
Far East	368.9	388.4	-2.6	-
Property	192.4	202.6	+0.3	-
Fixed Int	264.2	278.2	+0.5	-
Indexed Gilt	155.8	164.0	+0.1	-
Deposit	184.2	193.9	....	-
[illegible]				

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690565

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	153.0	161.5	+1.0	-
Accum Equity	220.0	232.5	+1.5	-
Accum Managed	228.5	241.0	+1.0	-
Accum Five Star	170.5	180.0	+1.0	-
Accum World	126.5	133.5	+1.0	-
Accum Lifetime	111.5	111.5	+0.4	-
Pens Acc Equity	238.0	251.0	+2.0	-
Pens Acc Managed	284.0	299.5	+1.0	-
Pens Acc Intl	212.0	223.5	+0.5	-
Pens Acc Deposit	202.5	213.5	....	-
Pens Acc Five Star	186.5	196.5	+1.0	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	232.2	245.0	+2.4	-
UK Fixed Int Acc	180.0	189.9	+0.2	-
Intl Equities Acc	178.0	187.8	+0.4	-
UK Managed Acc	177.3	187.0	+1.3	-
Property Acc	224.8	237.2	....	-
Money Acc	130.8	138.0	+0.1	-
Special Market Acc	144.3	152.3	-0.2	-
Japan Equity Acc	100.2	105.7	-0.7	-
North American Acc	109.3	115.3	+0.9	-
Pacific Acc	95.5	100.8	-0.3	-
Technology Acc	124.4	131.3	-0.3	-
Nat Resources Acc	58.6	61.9	+0.7	-
European Acc	102.2	107.9	+0.5	-
Residential Prop Acc	96.3	101.6	....	-
Swiss Equities Acc	34.9	36.9	+0.1	-
Hong Kong Acc	69.8	73.7	....	-
UK High Inc Eq Acc	74.9	79.1	+0.6	-
Int Fixed Interest Acc	58.5	61.8	+0.1	-
Int Managed Acc	57.1	60.2	+0.1	-
HIP Managed Acc	119.3	125.8	+1.3	-
HIP Managed II Acc	101.9	107.4	+0.2	-
HIP Managed III Acc	109.0	114.9	+0.3	-
Total Investment Bond				
UK Equity Initial		157.9	+1.5	-
UK Fixed Int Initial		122.6	+0.2	-
Intl Equities Initial		120.3	+0.2	-
UK Managed Initial		120.7	+0.8	-
Property Initial		154.2	....	-
Money Initial		89.4	....	-
Special Market Initial		112.1	-0.1	-
Japan Equity Initial		77.8	-0.5	-
North American Initial		84.8	+0.7	-
Pacific Initial		74.2	-0.2	-
[illegible]				

[illegible]

OFFSHORE INSURANCES

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

FT MANAGED FUNDS SERVICE

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IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Rate moves fail to shift dollar

THE DOLLAR finished little changed against the D-Mark in Europe yesterday, despite a rise in official German interest rates. An increase in the Bundesbank's discount rate of one percentage point was in line with forecasts, but the Lombard rise of ¼ point, was lower than expections of ½ point, prompting an upward move by the dollar.

As the US currency rose to a high of DM1.7460 there were rumours that the Bundesbank intervened to halt the rally. This brought it back to DM1.7330 from DM1.7350 at the London close. The dollar also eased to Y136.40 from Y136.55; and to FFr5.8950 from FFr5.9000, but rose to SFr1.5230 from SFr1.5195. On Bank of England figures its index was unchanged at 66.4.

Rates were increased yesterday at the first Bundesbank council meeting after the summer recess and in an accompanying statement it was said that "the Bundesbank is making it clear that it will continue its stability oriented policy and that it intends to stabilise the value of the D-Mark both internally and externally."

Mr Helmut Schlesinger, Bundesbank president, said "our nominal interest rates are not particularly high." He added that the decision to raise rates was aimed at preventing a further acceleration in domestic inflation. German consumer prices rose at a year-on-year rate of 4.4 per cent in July, the highest level since December 1982.

Mr Schlesinger also said that the Bundesbank has no target for the D-Mark's exchange rate against the dollar, but is continuing to monitor the rate carefully because more than 30 per cent of Germany's imports are valued in dollars.

The Swiss franc was notably weak, despite a rise of one point to 7 per cent in the Swiss National Bank's discount rate in response to the German move.

The Swiss currency lost ground to the D-Mark, dollar and other major currencies, including a generally weak pound. This followed news that Switzerland's trade deficit rose to SFr806.5m in July from a revised SFr745.3m in June.

Currencies held steady in the European exchange rate mechanism, including the third strongest member, the D-Mark. Increases in Belgian and Dutch rates helped keep the Belgian franc and the guilder towards the top of the system, but the Danish krone remained the weakest member despite a rise in official rates in Copenhagen.

Sterling eased against the D-Mark, but was generally little changed. Figures on UK unemployment and average earnings were in line with expectations and had no impact.

The pound rose 5 points to $1.6880 and to SFr2.5700 from SFr2.5650, but fell to DM2.9250 from DM2.9275; to FFr9.9500 from FFr9.9550; and to Y230.25 from Y230.50. Its index fell 0.2 to 90.6, but sterling reamined steady in the ERM above the French franc and Danish krone.

£ IN NEW YORK

Aug 15	Latest	Previous Close
£ Spot	1.6770-1.6780	1.6850-1.6860
1 month	0.76-0.75pm	0.75-0.73pm
3 months	2.20-2.18pm	2.20-2.17pm
12 months	7.00-6.95pm	7.02-6.97pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug 15	Previous
8.30 am	90.7	90.8
9.00 am	90.7	90.8
10.00 am	90.7	90.8
11.00 am	90.6	90.8
Noon	90.6	90.7
1.00 pm	90.6	90.7
2.00 pm	90.6	90.8
3.00 pm	90.7	90.6
4.00 pm	90.6	90.8

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

Aug 15	£	$
Greece	320.550 - 326.950	190.180 - 193.980
Hong Kong	13.1345 - 13.1510	7.7590 - 7.7610
Iran	115.80*	67.90*
Korea(Sth)	1232.55 - 1252.40	731.00 - 736.80
Kuwait	0.49200 - 0.49550	0.29150 - 0.29350
Luxembourg	60.45 - 60.55	35.80 - 35.90
Malaysia	4.6825 - 4.6940	2.7690 - 2.7710
Mexico	5105.90 - 5110.60	3015.00 - 3016.00
N.Zealand	2.9515 - 2.9550	1.7430 - 1.7450
Saudi Ar	6.2860 - 6.3665	3.7500 - 3.7510
Singapore	2.9090 - 2.9160	1.7200 - 1.7220
S.Af (Cm)	4.8610 - 4.8725	2.8720 - 2.8740
S.Af (Fn)	5.4185 - 5.5065	3.2000 - 3.2520
Taiwan	45.20 - 45.30	26.70 - 26.75
U.A.E.	6.1545 - 6.2350	3.6715 - 3.6735

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 15	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.337	[illegible]	[illegible]	[illegible]
Belgian Franc	42.4032	42.2357	[illegible]	[illegible]	[illegible]
D-Mark	2.05586	2.05011	[illegible]	[illegible]	[illegible]
Dutch Guilder	2.31643	2.31156	[illegible]	[illegible]	[illegible]
Italian Lira	1538.24	1536.85	[illegible]	[illegible]	[illegible]
Irish Punt	0.767417	0.767110	[illegible]	[illegible]	[illegible]
Sterling	0.696904	0.700007	[illegible]	[illegible]	[illegible]
French Franc	6.89509	6.97322	[illegible]	[illegible]	[illegible]
Danish Krone	7.84195	7.94042	[illegible]	[illegible]	[illegible]

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 7-6⅞ per cent; three years 7¼-7⅛ per cent, four years 7⁷⁄₁₆-7⁵⁄₁₆ per cent; five years 8⅛-7⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen, others, two days' notice.

EXCHANGE CROSS RATES

Aug 15	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.688	2.925	230.2	9.950	2.570	3.297	2191	1.928	60.50	1.425
$	0.592	1	1.733	136.4	5.895	1.523	1.953	1298	1.142	35.84	0.844
DM	0.342	0.577	1	78.70	3.402	0.879	1.127	749.1	0.659	20.68	0.487
YEN	4.344	7.333	12.71	1000.	43.22	11.16	14.32	9518	8.375	262.8	6.190
F Fr.	1.005	1.696	2.940	231.4	10.	2.583	3.314	2202	1.938	60.80	1.432
S Fr.	0.389	0.657	1.138	89.57	3.872	1	1.283	852.5	0.750	23.54	0.554
H Fl.	0.303	0.512	0.887	69.82	3.018	0.779	1	664.5	0.585	18.35	0.432
Lira	0.456	0.770	1.335	105.1	4.541	1.173	1.505	1000.	0.880	27.61	0.650
C$	0.519	0.876	1.517	119.4	5.161	1.333	1.710	1136	1	31.38	0.739
B Fr.	1.653	2.790	4.835	380.5	16.45	4.248	5.450	3621	3.187	100.	2.355
ECU	0.702	1.185	2.053	161.5	6.982	1.804	2.314	1538	1.353	42.46	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

BASE LENDING RATES

	%		%		%
Adam & Company	11	Co-operative Bank	11	McDonnell Douglas Bnk	11
Allied Trust Bank	11	Coutts & Co	11	Midland Bank	11
AIB Bank	11	Cyprus Popular Bk	11	Mount Banking	11
● Henry Ansbacher	11	Dunbar Bank PLC	11	NatWestminster	11
B & C Merchant Bank	11	Duncan Lawrie	11	Northern Bank Ltd	11
Bank of Baroda	11	Equatorial Bank plc	11	Nykredit Mortgage Bank	12
Banco Bilbao Vizcaya	11	Exeter Bank Limited	11½	Provincial Bank PLC	14
Bank of Cyprus	11	Financial & Gen. Bank	11.5	Roxburghe Bank Ltd	12
Bank of Ireland	11	First National Bank Plc	14	Royal Bk of Scotland	11
Bank of India	11	● Robert Fleming & Co.	11	● Smith & Williamson Secs.	11
Bank of Scotland	11	Robert Fraser & Ptnrs.	11½	Standard Chartered	11
Banque Belge Ltd	11	Girobank	11	TSB	11
Barclays Bank	11	● Guinness Mahon	11	Unibank plc	11
Benchmark Bank	11	● Hambros Bank	11	● United Bk of Kuwait	11
Brit Bk of Mid East	11	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	11
● Brown Shipley	11	Heritable & Gen Inv Bnk	11	Western Trust	11
CL Bank Nederland	11	● Hill Samuel	11	Westpac Bank Corp.	11
Citibank NA	11	C. Hoare & Co.	11	Whiteaway Laidlaw	11
City Merchants Bank	11	Hongkong & Shanghai	11	Yorkshire Bank	11
Clydesdale Bank	11	● Leopold Joseph & Sons	11		
Comm. Bk. of London Plc	11	Lloyds Bank	11		
		Meghraj Bank Ltd	11		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

German rates up

GERMANY raised its discount rate by 1 percentage point to 7.5 per cent and the Lombard emergency funding rate by ¼ point to 9.25 per cent at yesterday's Bundesbank council meeting. The discount rate move had been widely forecast, but the increase in the Lombard rate was slightly lower than expected.

UK clearing bank base lending rate
11 per cent
from July 12, 1991

Other European central banks responded to the move. The Swiss National Bank raised its discount rate to 7 from 6 per cent. The Dutch Central Bank increased its discount rate to 8.00 from 7.75 per cent, and the promissory note rate to 9.25 from 9.00 per cent. The secured loans rate, involving banks' borrowings from the central bank, rose to 8.75 from 8.50 per cent. The Belgian National Bank lifted its discount rate to 8.00 from 7.50 per cent, while the Danish Central bank raised its discount rate by ½ point to 9.50 per cent; its lending rate to banks by ½ point to 10.00 per cent; and the rate paid on banks' deposits by a similar amount to 9.5 per cent.

In London wholesale rates showed some relief that the German Lombard rate was not raised by the expected ½ point.

Three-month interbank eased to 10⅞-10¾ from 11-10⅞ per cent and 12-month money fell to 10¾-10⅝ from 10⅞-10¾ per cent.

Day-to-day credit remained in short supply on the cash market. The Bank of England initially forecast a shortage of £1,500m, but revised this to £1,550m at noon and to £1,450m in the afternoon. Total assistance of £1,485m was provided.

An early round of help was offered and at that time the authorities bought £75m bank bills in band 1 at 10⅞ per cent. In further operations before lunch £232m bills were purchased, by way of £26m Treasury bills in band 1 at 10⅞ per cent; £141m bank bills in band 1 at 10⅞ per cent; and £65m bank bills in band 2 at 10⅞ per cent.

In the afternoon another £648m bills were bought, via £48m Treasury bills in band 1 at 10⅞ per cent; £464m bank bills in band 1 at 10⅞ per cent; £45m Treasury bills in band 2 at 10⅞ per cent; and £91m bank bills in band 2 at 10⅞ per cent. Late assistance of around £530m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,032m, with exchequer transactions absorbing £180m; a rise in the note circulation £125m; and bank balances below target £140m.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug 15) 3 months US dollars: bid 5⅝ offer 5¾

MONEY RATES

Aug.15	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.95-9.05	9.00-9.15	9.10-9.25	9.20-9.35	9.30-9.50	9.25
Paris	8⅞-9⅛	9¼-9⅜	9⅜-9½	9⅜-9⅜	9⅜-9⁹⁄₁₆	9.25
Zurich	7¾-7⅞	7⅝-7⅞	-	7¾-8	-	-
Amsterdam	8.56-8.93	9.22-9.28	-	9.34-9.44	-	-
Tokyo	7⅛-7½	7⅜-7⅜	-	7¼-7⅜	-	-
Milan	-	-	-	-	-	-
Brussels	-	-	-	-	-	-
Dublin	9⅞-9⅞	9⅞-10	10-10⅛	10⅛-10¼	10⅛-10¼	-

LONDON MONEY RATES

Aug 15	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12¼	11⅜	11⅛	11	10⅞	10¾
Interbank Bid	11	10⅞	11	10⅞	10¾	10⅝
Sterling CDs	-	-	11⅛	10⅞	10¾	10⅝
Local Authority Deps.	11⅛	11	11	10⅞	10¾	10⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	11½	11	10⅞	10⅝	-	-
Company Deposits	-	-	11¼	11⅛	10⅞	10⅞
Finance House Deposits	-	-	11⅛	11	10⅞	10¾
Treasury Bills (Buy)	-	-	10⅞	10⅞	10	-
Bank Bills (Buy)	-	-	10⅞	10⅞	10⅛	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	5.65	5.65	5.75	6.00
SDR Linked Dep. Offer	-	-	7⅜	7⅞	7⅞	8
SDR Linked Dep. Bid	-	-	7⅜	7⅜	7⅝	7¾
ECU Linked Dep. Offer	-	-	9⅞	9⅞	9⅞	10
ECU Linked Dep. Bid	-	-	9⅝	9¾	9⅞	9¾

Treasury Bills (sell); one-month 10⅞ per cent; three months 10⅞ per cent; six months 9⅞ per cent; Bank Bills (sell): one-month 10⅞ per cent; three months 10⅞ per cent; Treasury Bills; Average tender rate of discount 10.2845 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 31, 1991. Agreed rates for period Aug 26, 1991 to September 24, 1991, Scheme I: 12.31 p.c., Schemes II & III: 12.38 p.c. Reference rate for period June 29, 1991 to July 31, 1991, Scheme IV&V: 11.138 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ from August 1, 1991. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 7½ per cent; one-three months 10 per cent; three-six months 9½ per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7½ per cent from July 15, 1991. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,622 Set by GRIFFIN

ACROSS

1, 4 Name Gallic woman in black outside glazed door (6,6)
8 Get an account on 24 sheets (7)
9 Skilful chemical company admitted shortage (7)
11 Girl embraced by Adonis broadcast confessions (10)
12 Little bit I ought to get thanks for (4)
13 Thin girl needs a ruler (5)
14 Head is turning against fidelity (8)
16 College building due to be consecrated (8)
18 First appearance of duty you suggested introducing (5)
20 Discharge bond, rejecting about a million (4)
21 Rachel sang of heavenly creatures (10)
23 Hiding our host's arsenal (7)
24 Like fire the ego in us needs putting out (7)
25, 26 Cake man: "is hot meat pie about right?" (6,6)

DOWN

1 Confronted by mug starts drinking (5)
2 Learned egghead vulgar about sex appeal (7)
3 Drawer a wine-drinker needs? (9)
5 Having paid up is about to get things (5)
6 Trouble declines without newspapers (7)
7 Garment for Ascot involved in delay (9)
10 Staggering a crowd freeze with timidity (9)
13 Mrs French gazed around and stuttered (9)
15 Telephoned evil doctor about a bloomer (9)
17 Left Ted distraught by personal disappointment (7)
19 Elder, non-U visitor is most important (7)
21 Lands, as without a care, inside (5)
22 See why, when talking about us, it's bad (5)

Solution to Puzzle No.7,621

هكذا من الأصل

WORLD STOCK MARKETS

CANADA

TORONTO

3:15 pm prices August 15

MONTREAL

3:15 pm prices August 15

Total Sales 7,712,000 shares

INDICES

NEW YORK

DOW JONES	Aug 14	Aug 13	Aug 12	Aug 9	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
‡Industrials	3005.37	3008.72	3001.34	2996.20	3035.33 (3/6)	2470.30 (9/1)	3035.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	95.68	95.49	95.45	95.50	95.68 (14/8)	91.30 (16/1)	95.68 (14/8/91)	54.99 (1/10/81)
Transport	1196.40	1211.39	1214.39	1215.09	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	204.37	204.24	203.18	203.19	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

‡Day's High 3036.67 (3041.14) Low 2988.60 (2989.27)

STANDARD AND POOR'S

	Aug 14	Aug 13	Aug 12	Aug 9	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	389.90	389.62	388.02	387.12	390.62 (6/8)	311.49 (9/1)	390.62 (6/8/91)	4.40 (1/6/32)
Industrials	463.00	462.75	461.22	461.09	465.60 (6/8)	364.90 (9/1)	465.60 (6/8/91)	3.62 (21/6/32)
Financial	32.24	32.07	31.50	30.82	32.24 (14/8)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	213.63	213.36	212.53	212.17	213.75 (7/8)	170.97 (9/1)	213.75 (7/8/91)	4.46 (25/4/42)
Amex Mkt. Value	367.78	367.65	366.31	365.98	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	517.68	514.40	510.00	508.31	517.68 (14/8)	355.75 (14/1)	517.68 (14/8/91)	54.87 (31/10/72)

	Aug 9	Aug 2	Jul 26	year ago (approx.)
Dow Industrial Div. Yield	3.08	3.07	3.10	3.98
	Aug 7	Jul 31	Jul 24	year ago (approx.)
S & P Industrial div. yield	2.68	2.70	2.77	2.94
S & P Indl. P/E ratio	19.62	19.50	19.02	16.95

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
BankAmerica	5,331,600	43½	+ ¼
Sec Pacific	4,640,900	35¼	—
Blockbuster	3,454,000	11⅞	+ ¼
Pan Am Cp	3,443,500	⅞	—
RJ Nabisco	3,402,100	11⅞	+ ¼
Am T & T	2,829,999	39⅛	+ ¼
Philip Morris	2,416,600	72½	+ 1¼
Telefonos	2,138,200	32	+ 1⅛
Wal-Mart	2,052,900	51⅝	+ 1¼
Limited Inc	1,990,700	28⅞	- ⅞

TRADING ACTIVITY

† Volume (Millions)	Aug 14	Aug 13	Aug 12
New York SE	195.890	211.890	145.280
Amex	12.516	11.403	9.323
NASDAQ	180.733	166.815	114.074
NYSE			
Issues Traded	2,091	2,074	2,071
Rises	882	921	761
Falls	700	681	753
Unchanged	509	472	557
New Highs	145	142	95
New Lows	11	9	21

CANADA

TORONTO	Aug 14	Aug 13	Aug 12	Aug 9	1991 HIGH	1991 LOW
Metals & Minerals	3076.54	3107.47	3091.71	3114.58	3299.99 (18/7)	2632.06 (9/1)
Composite	3541.83	3524.23	3495.38	3502.77	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1877.10	1866.25	1842.98	1847.05	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Aug 15	Aug 14	Aug 13	Aug 12	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1557.0	1552.1	1553.9	1565.7	1591.3 (7/8)	1204.5 (16/1)
All Mining (1/1/80)	679.4	678.6	683.6	688.7	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	(c)	459.81	458.56	458.76	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	(c)	1142.52	1140.61	1142.53	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	377.76	376.93	376.62	376.46	380.04 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	987.5	988.6	992.1	1000.0	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	(c)	475.07	470.77	469.81	494.95 (12/6)	394.88 (15/1)
CAC 40 (31/12/87)	(c)	1820.31	1808.84	1780.38	1874.81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	687.24	680.37	680.83	675.89	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1938.3	1922.1	1920.1	1906.4	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1654.29	1650.19	1644.72	1626.06	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4073.34	4079.01	4052.70	4070.14	4079.01 (14/8)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1432.34	1422.66	1408.66	1407.64	1520.65 (15/5)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	(c)	562.45	562.82	564.66	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	23018.68	23393.30	22872.00	22985.67	27146.91 (18/3)	22176.17 (8/7)
Tokyo SE (Topix) (4/1/68)	1772.05	1789.54	1766.85	1776.17	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	2929.20	2936.76	2939.26	2973.61	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	550.92	569.58	559.57	558.10	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	279.4	279.5	279.6	278.4	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	199.0	199.0	199.1	198.3	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	785.30	789.49	781.30	772.52	792.13 (4/6)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	953.91	936.98	945.95	968.86	1183.48 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	383.88	389.28	387.27	390.58	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1268.0&	1259.0	1265.0	1287.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4128.0&	4167.0	4142.0	4120.0	4167.0 (14/8)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	(c)	693.12	709.67	706.06	763.10 (6/8)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	(c)	271.29	270.91	270.11	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1107.90	1105.30	1098.50	1092.90	1149.8 (11/7)	908.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	764.8	762.4	759.0	757.6	767.2 (16/7)	590.4 (14/1)
SBC General (1/4/87)	636.3	636.0	632.4	631.5	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4967.90	5089.95	5104.43	5157.66	6385.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	699.22	689.87	689.76	(c)	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (3)	504.7°	504.8	502.3	501.5	529.2 (17/4)	439.1 (16/1)

**Saturday August 10: Taiwan Weighted Price: 5207.01 Korea Comp Ex. 741.58.
& Subject to official recalculation. °Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday, 15th August, 1991

	Stocks Traded	Closing Prices	Change on day
M'bishi Matris	9.5	570	+1
Kobe Steel	4.8	474	-11
Osaka Gas	4.3	526	0
Nippon Mining	4.3	545	+9
Nippon Carbon	3.4	975	-75
Showa Shell Sek	3.2	1,750	-10
Chiyoda	3.1	1,830	+10
M'bishi Heavy	3.0	681	-11
Matsushita	2.9	1,620	-30
Nomura Sec.	2.8	1,660	-50

4:00 pm prices August 14

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

New York prices could not be updated for this edition because of communications difficulties

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅞	9¼	AAR Corp	0.48	0.03	17	133	u16⅞	16⅝	16⅝	-⅛
18¾	14½	A L Labs A	0.16	0.01	19	60	17⅞	17⅝	17¾	-⅛
55¾	40⅞	AMP Inc	1.44	0.03	20	1210	51⅞	51⅜	51⅝	+½
68⅝	44½	AMR			11	5204	62⅝	60⅛	60¼	-2⅛
2⅝	1¼	ARX			1	3	1⅜	1⅜	1⅜	
56	41½	ASA	3.00	0.06	14	827	50	49½	49⅞	+⅞
55¼	39¼	Abbott Lab	1.00	0.02	22	3569	54¼	53⅞	54	
14½	9⅞	Abitibi Pr	0.50	0.04	26	112	14¼	14⅛	14⅛	
11⅝	10⅛	ACM Gvt In x	1.26	0.11		666	11¼	11⅛	11¼	+⅛
9¼	8⅞	ACM GvOpp x	1.01	0.11		96	9⅜	9¼	9¼	
9¼	8¼	ACM Gvt Sp x	1.01	0.11		250	u9¼	9	9¼	+¼
11	9⅞	ACM Gvt Se	1.26	0.12		479	10⅝	10½	10⅝	
8½	7⅝	ACM Man x	1.01	0.12		526	8¼	8⅛	8⅛	
12⅞	11½	ACM Mmagd x	1.36	0.11		112	12⅜	12¼	12⅜	
7½	4⅞	Acme Cleve	0.40	0.06	17	123	6⅞	6⅝	6⅝	-⅛
6	3½	Acme Elect			38	z100	3¾	3¾	3⅞	
40	22¾	Acuson			21	1483	32⅝	31⅞	32	-⅛
18¾	14¼	Adams Exp x	0.48	0.02	0	161	18½	18¼	18½	+⅛
20⅛	17½	Adobe12Pf	2.40	0.13		20	18	17⅞	18	+¼
9⅛	6⅜	Adobe Res			20	18	6⅞	6⅞	6⅞	-⅛
38⅜	18	Ad Micro				12	35¼	35	35¼	+⅛
14⅛	4⅝	Ad Micro P	3.00	0.26	18	3208	11¼	11½	11½	+⅛
5⅛	2¼	Advest Grp	0.16	0.05	5	147	3½	3⅜	3⅜	-¼
49⅛	33⅞	Aetna Lf	2.76	0.07	7	3909	38¼	37¾	37⅞	+⅛
10⅝	6⅞	Affil A x	0.24	0.03	45	474	8⅜	8¼	8¼	+⅛
20¼	12	Ahmanson x	0.88	0.04	12	5393	u20⅝	20	20⅝	+⅞
12¾	2⅞	Aileen Inc			15	835	11⅞	11⅜	11⅝	+¼
74⅛	51⅛	Air Pr Chm	1.56	0.02	14	2889	66	64⅝	65⅛	+½
30	18⅝	Airbne Fri x	0.30	0.01	19	442	29⅜	28⅞	29¼	+⅝
18⅞	12½	Airgas Inc			91	44	16¾	16½	16½	-⅛
15¼	10	Airlease	2.06	0.18	6	126	11⅜	10⅞	11⅞	+⅛
94½	88¼	AlaPw8.16				z100	u94½	94½	90	-4½
25⅛	21⅛	AlaPw PfA	2.00	0.08		11	u25⅛	25⅛	25⅛	
104½	100	AlaPw9.44				z100	103½	103½	103	-½
106	102⅝	Alab Pw 11				2	104	104	104	
102½	96	Alab Pw 9P				z100	100	100	100½	+½
99	88	Alab 8.28C				z100	96	95½	96	+1¾

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

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60¼	35¼	Xerox	3.00	0.05	9	886	55¾	55¼	55¼	+¼
51	43¼	Xerox4.125				6	u51	51	50¾	
21⅞	14⅞	Xtra 1.94 x				491	20⅞	20¾	20⅞	-¼
24⅞	14¼	Xtra Corp x	0.72	0.03	75	136	22⅞	22¾	22¾	-¼
24¼	21⅛	Yankee Egy	1.60	0.07	11	31	23½	23⅜	23⅜	-⅛
1½	⅜	Zapata			2	52	⅞	13/16	13/16	
9⅝	5⅜	ZenithElec			1	476	6	d5⅝	5⅞	
18½	12	Zenith Nat	1.00	0.06	99	18	17	16⅞	16⅞	-⅛
6¼	4½	Zenix Inc	0.84	0.14		24	6	5⅞	6	+⅛
15¼	10⅞	Zero Corp x	0.40	0.03	16	54	14⅞	14¼	14⅞	-⅛
41⅞	29½	Zurn Ind	0.88	0.02	16	61	39¼	39	39	-⅛
13½	10¼	Zweig Fund	1.12	0.09		228	12¾	12⅝	12⅝	
10	8½	Zweig Tot x	0.96	0.10		610	u10	9⅞	9⅞	-⅛

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:15 pm prices August 15

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NASDAQ NATIONAL MARKET

3:15 pm prices August 15

[illegible]

- X - Y - Z -

Xilinx		36 3551	u29¼	28½	28½		
XL Data		34 3675	12	11⅛	11½	-⅝	
Xoma Corp		910807	19	17¼	17⅛	-2	
Yellow Fr	0.94	16 1015	30½	29⅞	30¼	+¼	
York Rsch		6 997	6⅝	6¼	6¼	-¼	
ZionsUtah	1.44	10 10	48¼	47½	47½		

HUNGARY

The FT proposes to publish this survey on **October 30 1991.** 54% of Chief Executives of Europe's largest companies read the FT. If you want to reach this important audience by advertising in this survey, call Patricia Surridge on 071 873 3426. or Fax 071 873 3079

Data source: Chief Executives in Europe 1990

FT SURVEYS

AMERICA

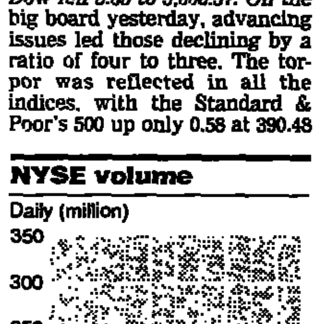
Summer stupor returns as Dow edges higher

Wall Street

AFTER TWO days of hectic activity on Wall Street, the summer lull returned as share prices inched modestly higher in quiet trading yesterday morning, *writes Karen Zagor in New York.*

At 1.30 pm, the Dow Jones Industrial Average was 8.72 higher at 3,014.09 on fairly thin volume. On Wednesday, the Dow fell 3.35 to 3,005.37. On the big board yesterday, advancing issues led those declining by a ratio of four to three. The torpor was reflected in all the indices, with the Standard & Poor's 500 up only 0.58 at 390.48 and the New York Stock Exchange Composite up just 0.31 at 213.94.

NYSE volume



There was more activity in the bond market, sparked by rumours of an early cut in the discount rate. But the heavy trading did not translate into much price movement and bond prices were flat to slightly lower in morning trading. At midsession, the treasury's bellwether 30-year bond was down ⅜ to yield 8.09 per cent.

On Wall Street, the scandal at Salomon Brothers over its illegal activities in the government bond market was the driving force behind a $4⅛ drop in the issue to $27⅛.

Fears that Salomon's misdeeds would lead to tighter regulation of the bond market helped push shares in Merrill Lynch $¼ lower to $42, while PaineWebber slid $⅛ to $23¼.

Among other actively traded issues on the New York Stock Exchange, Wal-Mart Stores dropped $1⅜ to $50⅛ on concern about its high price/earnings ratio.

Black & Decker rose $⅞ to $17 after the company said it would issue $150m of preferred stock to Newell.

Bank issues remained active in the wake of the planned merger between Security Pacific and BankAmerica. Security Pacific stood still at $35⅝ in heavy trading, BankAmerica slipped $⅛ to $42⅞ and Citicorp rose $¼ to $15¼.

Storage Technology fell $1⅞ to $45⅛ after Soundview Financial Group cut its short-term rating on the stock from "buy" to "hold".

The secondary market was depressed yesterday morning, with the Nasdaq Composite sliding 0.27 to 517.41 at midsession.

Washington Mutual Savings led the market, climbing $¾ to $29¼ after a 2.6m stock issue was priced late on Wednesday at $28⅝ a share.

Cetus Corp eased $¼ to $14⅞. A planned transfer of some Cetus technology to Roche is being contested by Eastman Kodak.

Icos Corp dropped $2 to $17¾ after an analyst at PaineWebber reduced her rating on the stock to unattractive from neutral.

Canada

TORONTO STOCKS were little changed in quiet midday trading. There was some profit-taking, especially in the gold sector, after Wednesday's rally.

The composite index was up 0.77 at 3,542.60 on volume of 9.3m shares. The gold index was off 18.71 at 5,233.69.

The Bank of Nova Scotia, Wednesday's most actively traded stock, fell C$⅜ to C$18⅞. Among the most active stocks yesterday, Laidlaw B shares were off C$¼ at C$14 and Scotiabank eased C$¼ to C$19. In natural resources, Placer Dome fell C$⅛ to C$14½.

Japanese investors pin hopes on a foreign rescue

Foreigners, once maligned, are now being seen as the stock market's saviours, writes **Emiko Terazono**

WITH THE recent financial scandals undermining the confidence of Japanese investors, local brokers are now looking to foreigners – or *gaijin* – to save the shaky stock market.

Only last year Japanese brokerages condemned futures trading by foreign brokers as a "disease", and authorities blamed foreigners' derivatives transactions for exacerbating the stock market plunge. But now, local investment magazines advise to "follow the *gaijin*", or listen to the *gaijin* analysts, and hopes are mounting of a repetition of the February rally, which was triggered by overseas investors.

One magazine recommends Fuji Photo Film as an internationally known precision instrument maker, and adds that "foreign brokerages are increasing their purchases of the issue".

Another says: "The *gaijin* have started to target small provincial companies." It adds that foreign analysts and fund managers have stepped up visits to regional companies.

Foreign investors led the buying earlier this year, prompting a 13.8 per cent rise in the Nikkei average from the beginning of 1991 to a year's high of 27,146.91 in mid-March. Overseas investors were net buyers of Y2,130bn ($15.6bn) in the first quarter, while domestic banks were net sellers of Y740bn. Domestic investment trusts sold a net Y410bn.

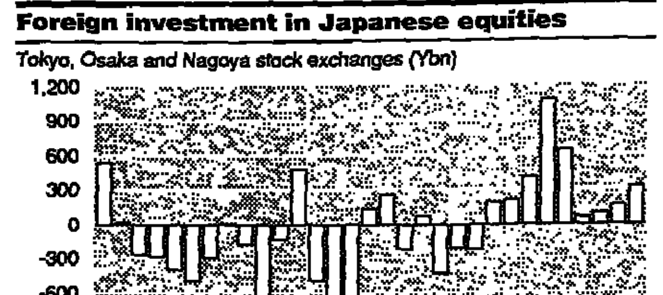
After a lull in April and May, overseas investors increased net stock purchases in June to Y155.4bn and to Y328.9bn in the four weeks to August 2. Foreign brokers say that clients have reacted calmly to the loss-compensation scandals: their focus is on economic fundamentals and interest rates.

Economic indicators point to a slowdown in the economy and lower inflation. Industrial production, which peaked in the final quarter of last year when it grew by 6.9 per cent, slowed to a 1.2 per cent year-on-year growth in June.

The slowing trend in consumer spending is also apparent, with July department store sales for the Tokyo metropolitan area up by a sluggish year-on-year 0.6 per cent, and the number of car registrations for July reversing from double-digit figures last year to a 2.9 per cent fall. Monetary policy is expected to be eased accordingly, with a further reduction in the official discount rate thought likely towards the end of this year.

Foreign investment in Japanese equities

Tokyo, Osaka and Nagoya stock exchanges (Ybn)



Source: Tokyo Stock Exchange

Mr Philip Dodds, head of research at S.G. Warburg Securities, says that foreign investors, especially UK institutions, have been underweight in Japanese stock investments.

According to the WM company, the performance measurement company, only 4 per cent of total UK pension fund assets, or 19 per cent of non-UK investments, were invested in Japanese equities at the end of March 1991. Japanese equities accounted for 25 per cent of non-UK investments in December 1989, and have a neutral weighting of 35 per cent based on Morgan Stanley's Capital International World Index.

Mr Dodds adds that UK institutions are looking to rebalance their asset allocation in Japan over the next few months, and up to Y1,000bn of new overseas investment could flow into the Japanese stock markets as a result.

Mr Curtis Freeze, a fund manager at Morgan Grenfell Asset Management, agrees. "If the market stays at current levels, foreign buying should come in around September."

But some analysts are sceptical that foreign buying can absorb the excess supply of stock expected in the coming months. Japanese companies issued a total of Y902.9bn in equity-linked issues at home and abroad in July, up 8.5 per cent from June. This was the highest level since Y934.2bn issued in December 1989, the peak of the bull market.

Nikko Securities forecasts a total of Y3,000bn worth of new equity-linked debt to be issued in the July to September quarter. There is also an overhang of potential supply from previously issued warrant bonds, and convertible bonds.

Demand from domestic institutions is not expected to revive soon. Life assurance companies, which fear a decline in the inflow of funds as individuals move back to bank deposits following the deregulation of interest rates, are threatening to sell low-yielding shareholdings. To make matters worse, investment trust funds face redemptions, which could total Y7,000bn for trust funds set up in 1989.

Some domestic investors doubt that the foreign buying earlier this year was genuine overseas demand. A life assurance company official says: "An order coming from an overseas subsidiary of a Japanese brokerage is counted as foreign buying."

ASIA PACIFIC

Nikkei runs into profit-taking after Wednesday's gain

Tokyo

SHARE PRICES ran into profit-taking yesterday, after Wednesday's 2.3 per cent gain, prompted by a fall in bond prices and a weaker futures market, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed 374.63 down at the day's low of 23,018.68. The index climbed to a day's high of 23,365.03 in the morning. Institutional investors remained inactive as volume rose only slightly to 220m shares from 214m.

Declines outpaced advances by 648 to 265, with 176 issues unchanged. The Topix index of all first section stocks fell 17.49 to 1,772.05, but in London the ISE/Nikkei 50 index moved up 8.03 to 1,361.46.

Equities opened stronger in response to a rally in the government bond market on expectations of a cut in the official discount rate early next month. They fell back on rumours in the afternoon that the Bank of Japan, apparently concerned over the rapid decline in yields, had warned brokers that the rise in bond prices was overdone.

The yield on the 10-year 129 benchmark bond, which fell to a low of 6.370 per cent at one stage, closed at 6.455 per cent, up from 6.435 per cent.

Rumours that a large speculative group had filed for bankruptcy also discouraged investors. Concern about a large arbitrage overhang also spread through the market as the Tokyo Stock Exchange announced that long share positions held against September futures reached a record Y1,370bn by August 9.

Traders are worried that a possible reshuffle in the component stocks of the Nikkei index in October could prompt arbitrageurs to liquidate their positions by buying back futures and selling cash stocks.

An estimated 37 stocks reached lows for the year yesterday, while three issues attained 1991 highs. High-technology issues were sold on sluggish earnings projections. Kyocera weakened Y230 to Y5,220 on liquidations by foreigners.

Power utilities rose to 1991 peaks on strong demand for electricity during the summer. Tohoku Electric Power gained Y30 to Y3,130 and Shikoku Electric Power Y50 to Y3,000.

Foreigners sought cement issues, encouraged by the sector's high production figures. Mitsubishi Material, the most active stock of the day, firmed Y1 to Y570 and Nippon Mining added Y9 at Y545.

In Osaka, the OSE average shed 111.61 to 24,812.25 on light selling by individuals. Volume remained low at 14.9m shares. Daishinpan, a non-bank financial company affiliated to Sanwa Bank, dropped Y70 to Y660 following the arrest of a branch manager for his alleged involvement in the Toyo Shinkin loan scandal.

Roundup

MONEY supply worries pulled Kuala Lumpur sharply lower yesterday, dragging Singapore down in its wake. Seoul and Bombay were shut.

KUALA LUMPUR fell 3.3 per cent after the central bank moved to curb money supply by raising the statutory reserve requirements of financial institutions. Tokyo's loss also depressed sentiment.

The composite index lost 18.66 to 550.92, its biggest daily drop this year. Volume swelled to 42m shares from 27m. Car issues recorded some of the worst losses, after the central bank announced restrictions on hire purchase loans for cars.

SINGAPORE finished near its six-month low in reaction to the Malaysian measures. The Straits Times Industrial index receded 16.24 or 1.1 per cent to 1,417.83. Volume rose to 54m shares from 45m.

TAIWAN fell below the 5,000 level in gloomy trading. The weighted index dropped 122.05 or 2.4 per cent to 4,967.90. Turnover came to T$23bn, after Wednesday's T$26bn.

Traders said heavy selling emerged in mid-morning as the Stock Exchange Commission issued its sixth consecutive warning against the shares of Leofoo Development, which have been a target for speculators, and cancelled margin accounts in the shares until dealings calmed down. Leofoo plunged by the daily limit of 7 per cent.

AUSTRALIA gained ground as hopes of an interest rate reduction revived on news of a decline in GDP in the second quarter. The All Ordinaries index put on 4.9 to 1,557.0 but turnover shrank to A$138m from A$209m.

NEW ZEALAND was little changed after news of a rise in unemployment in the second quarter. The NZSE-40 index eased 4.63 to 1,418.90. Turnover grew to NZ$27m from NZ$24m.

Fletcher Challenge, which has been falling in anticipation of Tuesday's profits news, lost 1 cent more to NZ$3.47, extending its drop since August 8 to 21 cents.

HONG KONG retreated on profit-taking in relatively quiet trading as investors awaited the results of a land auction, which turned out to be better than expected. The Hang Seng index slipped 5.67 to 4,073.34, in turnover of HK$1.13bn, down from HK$1.4bn.

MANILA rebounded after seven straight days of declines, largely on account of San Miguel's strong performance in the first half. The composite index rallied 16.93 or 1.8 per cent to 953.91 in turnover of 117m pesos, against 88m.

BANGKOK was led higher by financials. The SET index rose 9.35 to 699.22 in thin turnover of Bt1.6bn.

SOUTH AFRICA

INDUSTRIALS ended their record-breaking run after a strong rally in the financial rand. The Johannesburg industrial index shed 39 to 4,128.

The all-gold index added 1 to 1,260, supported by steady gold bullion prices in spite of pressure from the falling platinum price. The overall index slipped 28 to 3,487.

EUROPE

Bourses take rate rises in their stride

BOURSES TOOK the increases in interest rates by the Bundesbank and other central banks in their stride yesterday. Paris, Milan, Madrid, Brussels, Vienna and Lisbon were closed for Assumption Day, *writes Our Markets Staff.*

FRANKFURT ended its floor trading session slightly higher, as participants waited for the outcome of the Bundesbank's first council meeting since the summer recess. Its decision to raise the Lombard rate by a quarter of a percentage point to 9.25 per cent, rather than by the half point expected, took some of the steam out of the bond and futures markets, which in turn caused shares to soften in post-bourse trading.

The DAX index closed 4.10 higher at 1,654.29, off the day's peak of 1,658.37, while the FAZ index, calculated at midsession, put on 6.87 to 687.24. Volume fell to DM3.9bn from DM5.3bn.

Construction and retail issues continued to feature. Bilfinger & Berger, the builder, added DM10 to DM970 after its first-half results on Wednesday, while Karstadt, the retailer, climbed DM8 to close at DM625.50.

FT-SE Eurotrack 100 - Aug 15

Hourly changes‡							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close‡
1121.36	1121.50	1122.00	1122.61	1122.95	1120.54	1120.06	1120.59

Day's High 1124.13 Day's Low 1118.70

Aug 14	Aug 13	Aug 12	Aug 9	Aug 8
1118.18	1113.47	1107.42	1110.85	1111.44

Base value 1000 (26/10/90). ‡ Part.

FAG Kugelfischer, the family-controlled ball bearings manufacturer, rose DM12 to DM271. Dealers said the stock had underperformed by 30 per cent in the past 12 months, and that yesterday's rise was probably owing to a small buy order in an illiquid market.

AMSTERDAM was dominated by the wait for interest rate news, which overshadowed political worries. However, the Dutch central bank's decision to raise its three key rates by a quarter of a percentage point came as no surprise. The CBS tendency index closed 0.1 higher at 92.1.

An analyst said that reports that the Labour party could walk out of the government over welfare payment plans would have more effect on the bourse in the next few weeks.

Philips hit a 12-month high of Fl 35.30, up 90 cents or 2.6 per cent, on foreign buying and in the wake of Tuesday's good results from its subsidiary, PolyGram, which gained Fl 1.10 to Fl 38.80.

Hoogovens, the steel group, close 60 cents down at Fl 58.20, but recovered from its opening level of Fl 57.40. It fell Fl 2 on Wednesday after disappointing investors with its second-half forecast. KNP, the paper maker, shed Fl 1.20 to Fl 52 in nervous trading before its results, due today.

ZURICH survived an afternoon bout of selling to end higher. The selling was prompted by the National Bank's decision to lift its discount rate by 1 percentage point to 7 per cent. Share prices recovered when the bank said that the move did not signal a change in monetary policy. The Crédit Suisse index rose 1.1 to 548.4.

COPENHAGEN shrugged off the Danish central bank's decision to raise its two key interest rates by half a percentage point. The bourse index added 0.83 to close at 377.76.

Novo Nordisk gained DKr4.50 to DKr481.50 after announcing interim results the previous day.

STOCKHOLM closed firmer on institutional demand for blue chips. The Affärsvärlden General Index rose 2.60 to 1,107.9, as turnover fell to SKr338m from SKr444m. Electrolux gained SKr3 to SKr263 on optimism ahead of its interims, due today.

OSLO slipped on profit-taking, with the all-share index 2.93 lower at 519.20 in turnover of NKr258m, down from NKr379m. The bank index fell another 1.5 or 2.4 per cent to 61.49. Den norske Bank dropped NKr2 to NKr59 and Kreditkassen A shares were NKr1 lower at NKr19.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY AUGUST 14 1991								TUESDAY AUGUST 13 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	146.89	−0.3	129.05	126.79	132.50	124.95	−0.2	5.16	147.39	129.07	127.18	132.61	125.19	151.58	112.74	148.79
Austria (20)	172.74	+0.1	151.77	149.11	155.82	155.97	+0.6	1.81	172.57	151.12	148.90	155.26	154.98	222.37	167.00	244.73
Belgium (47)	130.29	−0.2	114.47	112.45	117.52	114.87	+0.0	5.16	130.50	114.28	112.59	117.40	114.89	151.20	121.73	148.13
Canada (114)	140.27	+0.7	123.23	121.07	126.52	118.20	+0.5	3.26	139.29	121.98	120.18	125.30	115.58	142.27	126.49	139.76
Denmark (37)	255.36	−0.1	224.35	220.42	230.34	233.39	+0.2	1.51	255.54	223.78	220.49	229.90	232.95	270.56	217.74	272.64
Finland (16)	98.84	−1.6	86.84	85.32	89.16	87.72	−0.9	2.75	100.41	87.93	86.64	90.34	88.49	125.15	90.00	135.78
France (109)	133.62	+0.4	117.40	115.33	120.52	123.67	+0.5	3.59	133.07	116.53	114.81	119.71	123.00	152.26	120.60	144.87
Germany (65)	108.69	−0.1	95.49	93.83	98.04	98.04	+0.2	2.29	108.79	95.27	93.88	97.88	97.88	125.35	102.03	131.76
Hong Kong (55)	169.98	+0.8	149.34	146.71	153.33	169.38	+0.7	4.12	168.63	147.68	145.50	151.72	168.14	169.98	119.62	130.41
Ireland (18)	154.25	+1.1	135.52	133.14	139.13	141.18	+1.3	3.55	152.55	133.59	131.62	137.24	139.35	182.46	132.88	169.20
Italy (77)	73.18	−0.3	64.30	63.16	66.01	71.05	−0.1	3.29	73.39	64.27	63.32	66.02	71.15	88.23	69.89	97.02
Japan (474)	128.93	+1.4	113.28	111.29	116.31	111.29	+1.5	0.76	127.13	111.33	109.70	114.40	109.70	148.97	118.35	135.55
Malaysia (68)	213.16	+1.4	187.28	183.98	192.27	228.10	+1.6	2.92	210.14	184.02	181.31	189.05	224.58	247.78	192.83	226.99
Mexico (16)	1107.36	+1.1	972.90	955.83	998.87	3650.97	+1.1	1.49	1095.56	959.40	945.29	985.66	3612.05	1152.56	534.45	544.01
Netherland (31)	138.35	−0.3	121.55	119.41	124.80	123.51	−0.2	4.34	138.82	121.57	119.78	124.90	123.71	145.73	125.70	142.75
New Zealand (14)	46.33	+0.0	40.71	40.00	41.80	42.91	+0.2	7.09	46.32	40.57	39.97	41.68	42.84	54.64	41.18	65.06
Norway (32)	204.00	+0.8	179.23	176.09	184.02	188.01	+1.1	1.56	202.46	177.30	174.69	182.15	186.04	223.24	182.24	269.40
Singapore (38)	193.62	+0.6	170.11	167.13	174.65	153.56	+0.6	2.24	192.52	168.59	166.12	173.20	152.69	208.25	151.63	179.90
South Africa (61)	249.01	−0.6	218.77	214.93	224.60	175.86	+0.1	3.09	250.44	219.32	216.08	225.31	175.74	258.85	173.00	201.59
Spain (54)	149.59	+0.1	131.42	129.12	134.93	123.07	+0.1	4.36	149.51	130.93	129.00	134.51	122.95	171.12	131.51	161.98
Sweden (25)	190.06	+1.0	166.98	164.05	171.44	177.47	+1.2	2.50	188.19	164.80	162.38	169.31	175.37	204.12	146.60	217.34
Switzerland (58)	93.61	+0.1	82.24	80.80	84.45	88.18	+0.5	2.18	93.49	81.87	80.67	84.12	87.78	100.67	82.17	102.36
United Kingdom (240)	175.90	+0.6	154.54	151.82	158.65	154.54	+0.9	4.75	174.82	153.09	150.82	157.26	153.09	187.44	156.27	171.29
USA (527)	158.39	+0.1	139.15	136.72	142.87	158.39	+0.1	3.06	158.15	138.50	136.47	142.29	158.15	158.39	125.95	137.13
Europe (829)	138.46	+0.3	121.65	119.52	124.90	123.85	+0.6	3.85	138.05	120.89	119.12	124.21	123.17	151.52	125.50	149.29
Nordic (110)	187.66	+0.4	164.87	161.98	169.27	166.69	+0.7	1.95	186.89	163.66	161.25	168.14	165.58	200.81	155.55	214.49
Pacific Basin (718)	130.39	+1.3	114.56	112.55	117.62	113.07	+1.3	1.12	128.71	112.71	111.06	115.80	111.57	145.92	117.86	135.76
Euro−Pacific (1547)	133.92	+0.9	117.66	115.59	120.80	118.14	+1.0	2.24	132.74	116.24	114.53	119.42	116.94	147.86	121.29	141.23
North America (641)	157.19	+0.2	138.10	135.69	141.81	155.53	+0.2	3.07	156.91	137.41	135.40	141.19	155.27	157.19	125.91	137.20
Europe Ex. UK (589)	116.24	+0.1	102.13	100.36	104.88	106.21	+0.2	3.17	116.18	101.74	100.27	104.55	105.95	129.80	106.85	133.38
Pacific Ex. Japan (244)	144.86	+0.4	127.27	125.05	130.68	128.95	+0.4	4.37	144.35	126.41	124.57	129.88	128.42	147.60	111.40	137.37
World Ex. US (1738)	135.92	+0.9	119.42	117.33	122.61	119.57	+1.0	2.29	134.77	118.02	116.29	121.26	118.41	148.16	122.32	142.00
World Ex. UK (2025)	139.29	+0.6	122.38	120.24	125.66	129.42	+0.6	2.32	138.48	121.27	119.50	124.60	128.60	145.77	120.06	136.07
World Ex. So. Af. (2204)	141.78	+0.6	124.56	122.38	127.90	131.40	+0.7	2.57	140.92	123.41	121.61	126.80	130.52	148.66	122.92	138.82
World Ex. Japan (1791)	151.02	+0.2	132.68	130.36	136.24	143.06	+0.3	3.40	150.69	131.96	130.03	135.59	142.61	152.63	126.69	142.47
The World Index (2265)	142.48	+0.6	125.18	122.99	128.53	131.79	+0.7	2.58	141.65	124.04	122.22	127.45	130.91	149.01	123.28	139.20

Latest prices were unavailable for this edition.

FT LAW REPORTS

Digest of cases in Trinity term

FROM JUNE 5 TO JUNE 19

Punjab National Bank v De Boinville and Others
(FT, June 5)

On a preliminary issue, the bank asserted claims under four insurance policies issued in 1983 by Lloyd's underwriters. The bank had opened letters of credit on behalf of Esal (Commodities) Ltd and the policies had insured against political and exchange control risks. The insurers resisted the claims on grounds of non-disclosure and misrepresentation while the bank sought to exercise an alternative remedy against the brokers who had placed the insurance. Dismissing the defendant brokers' appeal against a first instance decision that, *inter alia*, they owed a duty of care to the bank to exercise reasonable skill and care in placing the policies, the Court of Appeal stated it was not every employee of a firm or company that owed a personal duty of care to the client. It depended on what he was employed to do but, in this case, it was a justifiable increment to an existing category to hold that an insurance broker should owe a duty to the specific person who he knew was to become an assignee of the policy and where that person actively participated in the instructions to the brokers' knowledge. The brokers had been entrusted with the task which their employers undertook and as professional men they owed a duty of care to the bank.

Woolwich Equitable Building Society v Inland Revenue Commissioners
(FT, June 7)

The Woolwich Building Society made three payments totalling £56.9m in response to demands by the Revenue under the Income Tax (Building Society) Regulations 1985. However, Woolwich made it clear that it was not making payment to close the transactions and that the payments were made without prejudice. From the start, Woolwich correctly asserted the invalidity of the Regulations. Allowing an appeal by Woolwich from a first instance decision dismissing its claim for interest on the payments, the Court of Appeal by a majority stated that, in the interests of justice and good government, there should be a general restitutionary principle for which Woolwich had contended. Therefore, when the various payments were made under the Regulations, which were *ultra vires*, Woolwich immediately acquired a right in law to recover the amount of those payments. It followed that it was entitled also to interest from date of payment.

Lipkin Gorman v Karpnale Ltd
(FT, June 11)

Mr Cass was a partner in the solicitors' firm and he stole £222,908 from their bank account and then lost £154,695 of the stolen money at the gaming tables of the Playboy Club, a licensed casino. The club, which had acted innocently throughout, resisted the firm's claim of restitution. Allowing the solicitors' appeal from a Court of Appeal majority decision, the House of Lords stated that the club had argued that when Mr Cass had paid cash to the cashier in exchange for chips there had come into existence a contract which was not a gaming contract; it was a contract in contemplation of gaming and not "by way of gaming" as stipulated under the Gaming Act 1845, which provided that all contracts "by way of gaming ... shall be null and void". However, the club could not have retained the money save by relying on the void gaming contracts as it was common sense that those who gambled at the club were not gambling for chips but for money. Moreover, the law imposed an obligation on the recipient of stolen money to pay an equivalent sum to the true owners if they had been "unjustly enriched" at their expense. The club had been unjustly enriched to the extent of £154,695.

J Sainsbury plc v O'Connor
(FT, June 12)

Sainsbury in a joint venture with another company, agreed to subscribe 75 per cent of the share capital and GB 25 per cent. GB was then given an option to buy 5 per cent of the share capital not to be exercised for five years. The first question was whether Sainsbury was "beneficial owner" of the whole of its 75 per cent holding, notwithstanding GB's option to buy 5 per cent, for the purposes of group relief under section 258 of the Income and Corporation Taxes Act 1970. Section 258 provided that two companies were deemed to be of the same group if one was the 75 per cent subsidiary of the other. Dismissing the Revenue's appeal against a first instance decision that Sainsbury was entitled to group relief in respect of trading losses of its subsidiary, the Court of Appeal stated that there was good authority that "beneficial owner" of shares when used in a statute meant equitable owner, *inter alia*, the purchaser under a specifically enforceable contract. Applying that test, GB was not equitable owner since it could not claim specific performance until it had exercised its option after five years. Therefore, the equitable ownership had not passed and Sainsbury never ceased being beneficial owner.

Rank Film Distributors Ltd v Lanterna Editrice SRL and Another
(FT, June 14)

Article 5 of the 1968 Jurisdiction and Judgments Convention, set out in the Schedule to the 1982 Act, provided that a person domiciled in a contracting state might be sued in contract in the "place of performance of the obligation in question". The bank and Lanterna, the defendants in the present action, made application to set aside or stay an action by Rank by seeking to rely on Article 22 of the Convention, which provided that where "related actions" were brought in different contracting states, any court other than the first seised might stay proceedings. For the purposes of the article actions were "related" if they were so closely connected that it was expedient to hear them together "to avoid the risk of irreconcilable judgments". Refusing their applications, Mr Justice Saville stated that Lanterna's Rome proceedings, in which it obtained a court order temporarily prohibiting the bank from paying under its guarantee on the ground that Rank had not performed its obligations, were not "related actions" but were designed to provide temporary protective relief pending resolution of the merits elsewhere. Moreover, Rank's appearance had been accompanied by a clear statement of intention to contest jurisdiction under Article 18.

Re Barlow Clowes Gilt Managers Ltd
(FT, June 18)

Barlow Clowes Gilt Managers, a deposit-taking company, was ordered to be compulsorily wound up by the High Court and liquidators had been appointed while Barlow Clowes International Ltd had been put into compulsory liquidation by the Gibraltar court. The defendants had been charged with serious criminal offences in connection with the affairs of both companies. On instructions of the liquidators, persons who had been closely involved with the various companies – mostly in a professional capacity – were interviewed so as to enable them to ascertain whether civil claims could be brought on behalf of investors or by either company against third parties. The witnesses had attended voluntarily and the interviews were conducted in confidence. In giving directions to the liquidators, Mr Justice Millett stated that there were powerful reasons for not permitting voluntary disclosure of the transcripts as it was essential to distinguish between the functions of the Companies Court responsible for the winding up and those of the Crown Court responsible for the criminal proceedings.

Irish Aerospace (Belgium) NV v European Organisation for the Safety of Air Navigation and Another
(FT, June 19)

After an aircraft, which was owned by a Belgian company, was detained at a UK airport for alleged unpaid air navigation charges, the company claimed damages for conversion, damages for breach of the EC Treaty i.e. abuse of a dominant position under Art 86, and damages for negligence. In acceding to the defendants application that the claims be struck out, Mr Justice Hirst stated that the plaintiff contended that recovery procedures should have commenced abroad so that the detention was unlawful. However, the terms of the treaty relating to route charges were not incorporated into English law so that the plaintiff's case on the conversion failed on the non-justiciability principle. With regard to abuse of a dominant position, Eurocontrol's public service assignment of ensuring the safety of air navigation was not an economic or commercial activity so the plaintiff had failed to establish an essential ingredient for a claim under Article 86. On the negligence issue, the plaintiff was unable to point to any existing duty of care into which the case fell.

Aviva Golden